Belgium: Socialists set to stay in wilderness, Page 3

Ø No. 30,412

EUROPE'S BUSINESS NEWSPAPER Friday December 11 1987

Summit ends amid hopes of progress on key issues

D 8523 A

in \$350m

World News

THREE men were convicted in the United States of running a tax shelter scheme that allowed their clients, including promi-nent Wall Street and show business figures, to take more than \$350m in fraudulent tax deduc-

One-time tax shelter expert Charles Atkins, 33, and two asso-ciates were found guilty by a federal court jury in connection with what Internal Revenue Ser-vice (IRS) officials said was the largest tax fraud scheme ever

Israelis accused of border encroachments Israel had built 10 border realign its frontier with Lebanon and gave rise to concern that it was trying to annex Lebanese territory, UN Secretary-General Javier Perez de Cuellar told the Security Council.

Meanwhile lerrell tryons shot

13.

Of the second

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The second secon

Meanwhile, Israeli troops shot dead a Palestinian teenager as riots swept the occupied West Bank and Gaza Strip. Page 5

S. African mutiny South African riot squads exchanged gunfire with black township policemen who mutin-ied after an officer wanted to inspect their vehicles. At least eight men were wounded in the shooting in Lekoa township near

tragis hit tanker

Iraqi jets used Exocet missiles in an attack on a fully-loaded Iranian supertanker in the Gulf, low starting a fire on board. First Con tanker sunk, Page 5

Stock exchange riot Traders on the Hamburg stock exchange used fire extinguishers and fists to repel about 50 masked demonstrators who stormed the building and

Manila plot 'exposed' An apparent plot to disrupt next week's South-East Asian summit in Manila was exposed with the arrest of a supporter of former Philippines President Ferdinand

attacked them with tear gas,

Radioactive leak Several tonnes of radioactive

Cheese sales banned

Irish reforms urged The Irish Government should take radical measures to reform its economy and reverse a trend

towards lower growth and small shareholders to continue higher unemployment, the investing in the stock market. Organisation for Economic Co. Page 28 operation and Development said. Page 3

Athens bomb blast At least five people were injured when a bomb exploded in the office of the Athens Chamber of

Commerce and Industry. Poverty 'peace threat' warning that world peace was threatened by the guif between

rich and poor countries as much as by nuclear missiles. Cyprus flight warning Aircraft had come close to colli-sion over the eastern Mediterra-

nean because Turkish and Cypriot air traffic controllers had no higher than in the same period

Islamic law eased

for 13-year-olds.

Europe -

America ...

Companies.

Companies

World Guide

World Trade

Britain .

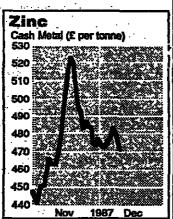
Business Summary Tax expert BIS acts to convicted strengthen banking fraud case system

mom capital requirements for banks in the industrialised world were published by the Bank for International Settlements (BIS) and major central banks.

The plans aim to strengthen the international banking system and equalise competition between banks in different coun-

PAN AM, troubled US airline, is to merge its Pan American World Airways subsidiary with Braniff, US carrier, but the deal hinges on Pan Am's unions making sharp pay concessions. Page 29

ZINC prices continued their easier trend on sterling's firmness against the dollar and news that a Peruvian miners' strike had



ended. The cash position ended \$7 down at \$471 a tonne, its lowest price since November 11. Commodities, Page 40

WALL STREET: The Dow Jones industrial average closed down 47.08 at 1855.44. Page 52

LONDON: The disappointing US trade data knocked the legs from under the UK equity market. The FT-SE 100 index lost 19.7 to 1,619.5 and the FT Ordinary index fell 12.6 to 1,285.0. Details

sticks of dynamite. Summit DM 1.3323; Y1.5325; SFr1.8365; overshadowed, Page 5 FFr1.2053. It closed in London at DM1.6365 (DM1.6640); Y129.40 (Y132.40); SFr1.3345 (SFr1.3605); FFr5.5575 (FFr5.6375). Page 41

"heavy" water had escaped into STERLING closed in New York an Argentine reservoir from a at 1.8355. It closed in London at nearby nuclear power plant over \$1.8305 (\$1.8025); DM2.9950 the past two years, an official in (DM2.9975); Y236.75 (Y238.75); Cordoba province said.

SFr2.4425 (SFr2.4525)
FFr10.1725 (FFr10.1625). Page

Swiss health officials banned the BEAR STEARNS, large Wall sale of 18 varieties of soft cheese — about half of which were shareholders have been among imported — after potentially lethal bacteria were found in them.

BEAR STEARNS, large Wall Street brokerage house whose shareholders have been among imported — after potentially the biggest casualties of the October stock market crash, has sued Jardine Strategic Holdings out of a practical program. for pulling out of a pre-crash ment to buy a large stake in agreement to buy a lar Bear Stearns. Page 29

FRANCE unveiled measures to stimulate savings and encourage small shareholders to continue

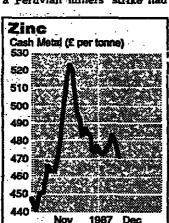
USX, US steel and energy group, said it would record improved earnings in 1988 but declined to

predict specific profits for the 1988 fourth quarter. Page 29 JACOBS SUCHARD, Swiss cof-

fee and chocolate group, forecast a gain of close to 40 per cent in net earnings for 1987 and hinted at a dividend increase. Page 32 President Francois Mitterrand of MULTITECH GROUP, Taiwan France backed African leaders in computer company, has acquired computer company, has acquired California-based Counterpoint Computers, which signals Multitech's entrance into the UNIXmarket. Page 30

EAST ASIATIC, Danish trading group, said sales for the first nine months of 1987 were

TRINKAUS & BURKHARDT, West German bank majority owned by Midland Bank of the



TOKYO: The overnight gains in New York and expectations of better US trade figures combined to spur a gain in equities. The Nikkei average rose 395.14 to 23,280.84. Page 52

based multi-user minicomputer

DKr11.2bn (\$1.75m), 12 per cent

Sudan said it was relaxing its UK, announced a rise in partial Islamic Sharia law which group operating profits of 6.6 per included flogging for traffic cent to DM71.3m (\$43.2m) in the offenders and the death sentence first 10 months of 1987 against DM66.6m. Page 32

Reagan declares **US-Soviet talks** 'a clear success'

PRESIDENT Ronald Reagan of the US and Mr Mikhail Gorbachev, the Soviet leader, claimed yesterday that their three-day summit had brought the superpowers closer together but conceded they had failed to achieve any major break-throughs on key issues dividing

Both men in their departure statements underlined the frank nature of their talks. But they said that much work needed to be done if they were to build on the good atmosphere in which their face-to-face discussions

This summit has been a clear success," Mr Reagan declared. But he added, in a clear indica-tion that no major problems had been resolved: "It is up to both sides to ensure that the lustre does not wear off and to follow through on our commitments as Neither leader gave any hint of sever of the INF treaty.

Neither leader gave any hint of favour of the INF treaty.

But neither man appears to between our countries and peof the Soviet withdrawal of troops mise over their differing positive.

Mr Gorbachev, striking a more guarded note in his response, said that his visit to Washington had on the whole justified our hopes. He added that some



US Vice-President George Bush (left) and Soviet leader Mikhail Gorbachev during a meeting yesterday at the Soviet embassy

both men. Mr Richard Wirthlin, the Presi-

otal problems of Soviet-Ameri-can relations had been President has already helped to business-like and frank." swing support on Capitol Hill in

from Afghanistan. In spite of the tions on the role of space limited progress on substantive defences and Mr Reagan's issues, the summit has the makso-called "Star Wars" Strategic ings of a political victory for Defence Initiative (SDI).

There was also no mention in their departure statements of a hopes." He added that some headway had been made towards day that for the first time since in strategic offensive arms the han-Contra scandal broke a although a lot of work remained year ago, his polls showed that to be done.

Mr Reagan's ratings had risen another visit to the US in order to meet face to face with the Standing under an umbrella sharply to meet face to face with the outside the White House under Mr Gorbachev has also scored great (American) people, to chat, leaden skies and light rain, Mr a tremendous public relations and to have some lively grows with Mr Reagan on the pivers in taking centre stage and Americans.

BA and United agree on marketing merger deal

BY CLAY HARRIS AND MICHAEL DONNE IN LONDON

BRITISH Airways yesterday BCal would remain a UK sirline cent.

signed what it described as a and retain its route licences. The BA yesterday offered \$9.72 in cash for each of BCal's unquoted in later than Monday.

Air Lines of the US, one of the no later than Monday.

BA's new bid is intended to \$7.16 value of its share offer and \$2.16 value of its share offer and \$2.15 value of its share offer an

nate inght schedules and marketing programmes, offer joint the SAS package.

US cities. No equity stakes are involved, however.

The BA-United partnership by UK clearing banks will holds.

The BA-United partnership by UK clearing banks will holds.

The BA-United partnership by UK clearing banks will holds.

The BA-United partnership by UK clearing banks will holds.

The BA-United partnership brings together carriers which in recent years have promoted themselves respectively as "The world's favourite airline" and The biggest airline in the free

BA vesterday separately raised its cash takeover bid for British Caledonian Group to \$200m (\$360m). It said the \$50m cash injection envisaged under Scan-dinavian Airline System's rival rescue package, recommended by the BCal board, was not suffi-cient to maintain the UK airline's independence.

BA left unchanged the share terms of its BCal offer, which was worth \$148m at yesterday's
BA closing price of 137p, down
1p. The new cash Ip. The new cash offer, increased from £119m, will be funded from BA's own resources rather than underwritten.

BCal and SAS yesterday buil and SAS yesterday declined to comment on the new bid, which emerged only 12 hours after the recapitalisation package was finally unveiled on Wednesday night.

The SAS proposal, under which it intends to pay \$130m for an initial 235 voting stake.

the recapitalisation plan.
Mr Larry Tindale, 3i deputy chairman, would take the same position at BCal under the SAS plan. He is already on the board.

position at BCal under the SAS plan. He is already on the board, but the proposed appointment is ries 20m passengers a year and flies to some 150 destinations in 70 countries.

Sir Colin Marshall, BA chief executive, said that "given the restrictions which currently apply to the ownership of US alrines, and the fact that we do not compete directly with that BCal's identity might be maintained as more than just the charter arm of BA and that some of the 2,000 planned redundances and the executive, said that "given the restrictions which currently apply to the ownership of US arines, and the fact that we do not compete directly with United, we see this type of arrangement as the best way for ward."

"As liberalisation apreads worldwide, we would hope to see a greater strengthening of our package recommended by BCal, SAS is offering a total of \$110m for 25.14 per cent of the airline's arilines," he said.

The rights issues would reduce

hours after the recapitalisation package was finally unveiled on Wednesday night.

The SAS proposal, under which it intends to pay \$130m for an initial 23.5 voting stake, still depends on the Civil Aviation Authority's deciding that existing shares.

"But until there is a truly free and fair market in civil aviation, with all carriers devoid of state cent. When deregulation of European Community aviation takes look to this kind of deal to propose the conversion vide the growth and momentum of preference shares held by SAS which the market dictates we would raise its stake to 40 per must have."

The two carriers will co-ordinate flight schedules and marketing programmes offer intended to selecting programmes of the selecting programmes

investment consortium owned United, which does not fly to by UK clearing banks, still holds the key. It owns 41 per cent of extensive worldwide route sys-BCal at present. This would be tem. BA will significantly reduced to 23.53 per cent, barely increase its influence in the US more than SAS's holding, under the recapitalisation plan.

passengers a year, and serves 165 cities in the US and elsewhere, picking up Pacific routes from Pan Am earlier this year. BA car-

Al-Fayeds raise stake in Sears

BY MARTIN DECKSON IN LONDON

HOUSE OF FRASER, the stores probably cost around \$210m which intensified in the summer group owned by the Egyptian (\$378m) — was a "sound when Mr Holmes a Court built Al-Fayed family, yesterday long-term investment and is evian ounced that it held about 10 dence of our confidence in the group was hit hard by the stock per cent of Sears, one of Britain's long-term future of Britain and market crash and has been announced that it held about 10 dence of our confidence in the per cent of Sears, one of Britain's long-term future of Britain and biggest retailing chains, after buying a stake of more than 8 per cent from Bell Group, the House of Fraser's flagship is per cent from Bell Group, the Harrods, the Knightsbridge store, Australian company headed by while Sears owns Selfridges, its likely and the shares fell 12½p on the day to close at 136p. The City also took the view while Sears owns Selfridges, its likely and the shares fell 12½p on the day to close at 136p. House of Fraser bought 127.9m william Hill, the bookmakers, and several clothes retailers.

Sears has been surrounded for to add to the 21.5m shares it had two years by bid speculation, acquired in the market.

CONTENTS: Carrencies Editorial comment Intl. Canital Markets

Men and Matters Money-Markets ... Stock markets - Bourses Wall Street . Technolo Unit Tru



THE GAUL IS BACK ON THE WARPATH

ASTERIX

Asterix and his faithful companion. Obelix, have come to the rescue of a troubled French industry, Page 27

France: Balladur unveils savings package to boost shareholding Asean: Bombs in the Philippines overshadow summit Soviet Union; Moscow is open for busi-Trade: US-Canada auto pact scuppers

Asian hopes Banking: Forging powerful links in the international market Technology: DNA points the finger 20 Editorial comment: Elections in Hong Kong, Next challenge for Mr Haughey ... 26

Lex: Markets; BA/BCal; St Paul/Minet;

Bankers bustle for place at Gorbachev audience

By Stewart Fleming, US Editor, in Washington

AMERICAN businessmen and bankers have been trampling over each other for an invitation to the meeting which Mr Mikhail Gorbachev, the Soviet leader, scheduled for yesterday afternoon with the chief executives of come of America's major conof same of America's major cor-porations, according to one Washington expert on the Soviet

economy. There have been other signs that trade and finance are a top priority for the Soviet summiteers. Mr Gorbachev came to Washington with a panoply of leading government economists and trade officials, such as Mr Vladimir Kamentsev, a deputy Prime Minister and chairman of the State Foreign Economic Commission. They have been Commission. They have been scurrying around the city talking

to their American counterparts and briefing the press.

This is rather surprising in the light of the public statements which are being made. Soviet. spokesmen, for example, have been vigorously playing down the idea that they are looking to American banks for loans and credits, even though, according to one American expert, the guest list for yesterday's planned meeting included top executives from the major American money centre banks.

Although the names on the list have have not been published, it is understood that along with top bankers, executives from such companies as Coca-Cola, Combustion Engineering, Dresser
Industries, Westinghouse, Monsanto and, of course, Occidental
Petroleum, were included
"Oxy" is headed by Dr Armand
Hammer, who built his fortune
on US-Soviet trade and who,

according to Administration officials, is playing a role as private go between in trying to help arrange the Soviet withdrawal from Afghanistan. The low-key approach to yes-terday's meeting by both sides is understandable, but common sense suggests that both trade

agenda.

Moscow has been borrowing heavily in Western credit mar-kets since 1984. Bank of International Settlements (BIS) data presented in Congressional testimony last month by Mr Tom Berger, deputy assistant treasury secretary for international Mone-tary Affairs, shows bank claims to the Soviet Union rising from \$15bn in 1983 to \$28.6bn in 1986. Most of this business is going to European and Japanese banks. American banks must be watch-

ing their rivals' expand their Continued on Page 28
Further summit coverage Page 6; Politics Today, Page 27

Bad US trade figures push dollar lower

BY LIONEL BARBER IN WASHINGTON, SIMON HOLBERTON IN LONDON AND JANET BUSH IN NEW YORK

THE DOLLAR plunged to his-toric lows against major curren-cies yesterday after the release of October US trade figures which showed a record monthly deficit of \$17.63bn. Central banks intervened to

central banks intervened to slow the pace of the dollar's fall, but European officals said it was modest and designed to inject some order into a thin and vola-tile market. The Bank of England and West German, Swiss and Italian central banks were involved in the intervene were involved in the interven-tion and European officials said the US Federal Reserve also par-

In Europe and North America, share and bond prices initially fell sharply on the news of the trade deficit. A prevailing belief that Washington is not prepared to support the dellar also undermined investor confidence in all markets.

Wall Street stocks recovered their losses later in the day on expectations that a lower dollar was good for US manufacturers.

In Washington, the trade figures were seen as a major economic setback for the Reagan Administration It has promised.

Mr Bob Giordano, a senior nomic setback for the Reagan mas adjournment.

Administration. It has promised for months that the merchandise conomist at Goldman Sachs, the

US Trade Deficit 10 % ************************* Dollar against the D-Mark (DM / \$) 24

those policies.
US analysts expect financial

Administration. It has promised for months that the merchandise trade deficit would turn round this year. But the strength of the US economy — defying the IJS economy — deform now. In October, the IJS economy — deficit balances with Japan of effect that bad about the dollar falling another notch, but I think the trade numbers will start to improve from now. In October, the IJS economy — deficit balances with Japan of effect that bad about the delicit balances with Japan of effect the IJS economy — deficit balances with Japan of effect that bad about the dollar falling another notch, but I think the trade numbers will start to improve from now. In October, the IJS economy — deficit balances with Japan of effect the IJS economy — deficit balances with Japan of eff

rose 3.7 per cent to \$21.75bn, almost as much as in September.

US analysts said the poor trade figures seem certain in the short term to push the value of the dollar down against the D-Mark and yen. The Reagan Administration has given no sign that it is opposed to a gentle decline of the dollar to boost US competitiveness in world markets.

Chances of a Trade Bill will narrow sharply.

The poor trade figures were well in excess of the markets' worst expectation of a \$16bn trade deficit. In Europe, shortly after their release, the dollar lost more than two pfennigs and two yen, and the sharpness of the falls triggered central bank action.

tiveness in world markets.

At the same time, there are no indications that the Group of Seven major industrial countries close at 1,856.44. In London, the property of the countries of the coun will meet to co-ordinate policy. share prices, which had been relin Paris yesterday, senior actively buoyant, plunged. The Finance Ministry officials met Continued on Page 28

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Law promised on party funding

South Korea's EC trade

THE EUROPEAN Commission patent protection given to US yesterday called for South Korea competitors in the Korean mar-

without paying duty.

The measure, the toughest reprisal yet in a series of trade disputes with Seoul is strongly supported by France and the UK.

A senior Commission official said it had a good chance of being agreed by EC member states before Christmas.

The same protection to line in products, and it is used a different manufacturing process.

Korea agreed earlier this year to allow EC companies retroactive patent protection. However, it claimed it could not allow pro-

"It would be the first time that it claimed it could not allow protection. However," it claimed it could not allow protection the EC has suspended a developing country's GSP status and will product patents because the legal

privileges threatened

spring's presidential election.

The Government's decision to
The Government's decision to the Governme

introduce tegislation follows a growing controversy over party funding and a spate of accusations and unsavoury scandals involving electoral "black funds" have produced an acceptable in the country. The succession of compromise for the introduction presidential campaign. Initial tions and unsavoury scandals involving electoral "black funds"

Taiwan joint

venture plans

TAIWAN Semiconductor Manufacturing Company (TSMC), a joint venture of the Taiwan government, Philips of the Netherlands and private investors, plans to build a \$220m semiconductor manufacturing plant in Taiwan.

It will be one of the largest and most advanced of its type in Taiwan capable of producing the next generation of sub-micron semiconductor chips.

chip plant

By Louise Kehoe in San Francisco

nductor chips.

The new plant, TSMC's second, will serve as a semiconductor foundry providing manufacturing services to chip makers and

designers. Unlike most semicon-ductor manufacturers, TSMC does not require technology or

product design rights before agreeing to provide fabrication

Instead, it manufacturers chips

to customer specifications with-out independent design or mar-

ernment is planning to introduce legislation on political party financing at a special session of parliament next month.

The legislation, which is likely to involve a system combining private and public financing of private and public financing of political parties, is expected to come into force before next spring's presidential election.

The Prime Minister's office below the Government's proposed bill is expected to involve a mixture of public and private financing of parties in an effort to satisfy the conflicting positions of the main French political parties.

The Government's proposed bill is expected to involve a mixture of public and private financing of parties in an effort to satisfy the conflicting positions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Socialist oppositions of the Socialist oppositions of the Socialist oppositions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Division to introduce legislation of parties in an effort to satisfy the conflicting positions of the Socialist oppositions of th

cost Korean exporters an esti-mated Ecu50m (\$62m) annually in higher customs duties, mainly on textiles, cheap electronic

Because you might need

THE FRENCH Conservative Government is planning to introduce legislation on political party financing aspects of French politics.

The Government's proposed bill is expected to involve a mix-

ket.
The row began last year when
Seoul allowed US companies
patent protection applied retro-

actively for seven years. That meant any Korean copy of a US product patented in that period had to be taken off the market.

More controversially, the deal allowed US companies automati-

cally to extend patents covering manufacturing processes, to give the same protection to final

product patents because the legal changes could not be imple-mented until next year. Yesterday's decision results from Seoul's continued refusal to

suggestions have placed the ceiling at about FFr120m(\$12m) for each candidate. France's main presidential candidates had early estimated the cost of their cam

esumand the cost of their cam-paigns at around FFr100m-FFr200m each.

The main political parties also appear to have reached agree-ment for greater transparency in French party financing and the need for candidates to declare their personal incomes and wealth

President Francois Mitterrand finally decided to intervene directly in the debate a few

Finsider faces major capital write-down

FINSIDER, the Italian public steel company, will be forced to write down its capital by at least L1,800bn (\$1.47bn) next month because losses have reached the legally acceptable limit. The Finsider board announced

last night that the company had lost L969bn in the first nine months of the year on top of ar unconsolidated L834on last year This meant the combined deficit totalled L1,803bn which is more than one third of the company's (A,387bn capital. Under Italian law, any com-

pany accumulating losses of more than one third of capital must automatically write down its capital or otherwise be forced

its capital of otherwise be lorced into bankrupty.

The proposal will be put to a special shareholders meeting on January 29. Since the IRI group holds virtually all of Finsider shares, approval will be a formality.

mality.

Finaider's move serves to highketing of its own products.

The project, referred to as FAB II, will be located in the Hsinchu-based Science Park near the current TSMC operations. The new facility is scheduled for completion by the end of 1989.

The project, referred to as FAB II, will be located in the Hsinchu-based Science Park near the current TSMC operations. The new facility is scheduled for completion by the end of 1989.

Finaler's move serves to high-left it grievous operating problems at a time when the managemants accept a Commission comproment is putting the finishing mise that would have required to legislative changes. We can see no clear reason for their refusal, said a Commission official.

Ceausescu stays away from Berlin briefing

By Lesie Colit in Berlin MR Nicolae Ceausescu, the

Romanian leader, who last month faced workers' riots month races workers' their over low wages and harsh living conditions, has decided not to attend today's Warsaw Pact meeting with Mr Mikhail Gorbachev, the Soviet leader.

bachev, the Soviet leader.
Mr Ceausescu has sent Mr
Ioan Totu, the Romanian
Foreign Minister, a candidate for full membership in
the ruling Polithuro, as his
personal representative at
the meeting at which Mr
Gorbschev will brief his
allies on the outcome of the
Washington summit.
A Romanian Embassy

A Romanian Embassy spokesman in East Berlin said Mr Ceausesca was not coming because of the national conference next Monday of the Bomanian Communist Party, But East Communist Party. But Ess European diplomats noted that the Remanian president had taken time to pay an official visit to Egypt shortly after the outbreak of the riots in Brasov.

"I suspect there is more," said one official. He noted that Mr Connescu had seen his past disarmament initiatives stripped of their nov-elty and co-opted by Mr Gorbachev without receiv-

ing any credit.

Although Warsaw was to have been the venue for this Pact meeting, East Berlin was given preference by the Soviet Union. This is regarded here as a reward for the encouragement the East German leadership gave to West Germany to agree to eliminate the

agree to eliminate the medium range missiles deployed on both their tarritories.

In coming to East Berlin, Mr Gorbachev is continuing the close consultations with his allies which began in 1965 after the first summit

Brussels sets code for banks on credit card compatibility

The move follows the recent signing of an outline accord between 40 top European banks to co-ordinate electronic pay-ments systems. While the two ments systems. While the two are not connected, yesterday's decision gives political impetus to the bunks' independent efforts to build a European card system.

Commission officials also emphasised that yesterday's aumouncement had no bearing amouncement had no bearing on an inquiry by Brusels into whether the hanks' proposed link-up might create an illicit cartel to customers' disadvantage. We are completely agnostic. If it's legal, fair enough. If not, we shoot, said a Commission official sion official.

Brussels' voluntary code of

A CODE of good conduct for how dards for the inter-operability of banks should make payment and cash cards and machines. The credit cards fully compatible directive would allow cash and across the European Community was issued yesterday by the European Commission.

dards for the inter-operability of cash cards and machines. The directive would allow cash and point of sales terminals to accept any major payment card issued in the EC. Any payments system

point of sales terminals to accept any major payment card issued in the EC. Any payments system conforming to these standards would be guaranteed free access to any member state.

The rest of the code deals with how banks should treat retailers using card systems. It says banks should avoid tying retailers to a dingle payment system through single payment system through so-called "exclusivity" contracts. Neither should there be unjustif-iable disparities in the fees charged to retailers for using payments systems in different EC countries.

The code has no formal legal

force, but Commission officials say it could be cited in future court cases, for example by dis-gruntled retailers wishing to challenge credit card charges. It is intended as a first step towards a wider and tougher EC regulation on the rights of cus-tomers and retailers using pay-

Brussels' voluntary code of conduct asks banks to make their cards, and the cash and point-of-sale terminals that go with with them fully compatible across the EC by the end of 1992, the Community's deadline for stages of drafting a potentially the creation of a genuine single market.

This will be backed up by a far from decided, but officials legally enforceable directive, due to be presented to EC governments by the Commission early next year, setting common stan-

UK undecided over free food scheme

Under the plan, agreed unani-monsly by farm ministers, free quantities of butter, beef, fruit and vegetables and other items will be distributed through

and vegetables and other items will be distributed through recognised charitles to the poor and needy inside the Community. The idea is quite distinct from the long-established food aid scheme under which EC food surphases are sent to developing countries.

Last January, the Community launched a temporary system of hand-outs for victims of the exceptionally cold weather in Europe but a key difference this time is that it will be up to mean-ber-states individually to decide whether they wish to take tains may be politically attractioned.

lations and continue our discussions with the charitable organisations and in the light of this, decide what to do," he explained.

BRITAIN'S willingness to participate in a new Ecu109m(£77m) for a fixed quantity of food and free food scheme promoted by the European Community appeared to be in doubt after a meeting in Brussels yesterday.

Of deciding who should qualify for a fixed quantity of food and for a fixed quantity of food and free food scheme from the widely-reported administrative chaos in the UK created by the earlier scheme.

Mr MacGregor's remarks are bound to be robitedly contant.

Mr MacGregor's remarks are bound to be politically contentious and comparisons are cer-tain to be made with the 500,000 tonnes of butter stocks which have been sold to the Soviet

tains may be politically attrac-tive but it is not without problems even for the European day's Farm Council in Brussels,
Mr John MacGregor, Britain's
minister, refused to say whether
the UK would join in. "We will
have to look at the detailed reguhave to look at the detailed reguthat the food surpluses are there fore not reduced.

Unlike its winter predecessor, the new scheme will run for two Britsin's concerns are based on years and will not be dependen the administrative complexities on climatic conditions.

Impact of crash on growth 'to be reduced'

THE IMPACT on Western growth of the crisis in the inter-national financial markets is national mancial markets is likely to be less severe than initially expected, the chairman of an influential working group of the Organisation for Economic Co-operation and Development (OECD) said yesterday.

(OECD) said yesterday.

But Sir Geoffrey Littler, who is also a senior UK Treasury official, speaking after a two-day meeting of senior western monetary officials, warned that future market turbulence could upset this relatively optimistic assessment of the situation. He also conceded that the meeting had not considered what to do in the event of a new crisis.

The OECD recently cut by half a percentage point, to 2 per cent, its Western growth forecast for 1988 in the wake of the market crash in October. However, Sir Geoffrey said the effects of the stock market crisis were expec-ted to be offset in part by a num-ber of more positive factors.

These included recent evidence that - in some of the main industrialised countries, including the US, Japan, the UK and West Germany - expansion had been stronger than earlier experted in the few months preceed-ing the October crash.

ing the October crash.

Moreover, there had been no "universal loss of confidence", as shown by the encouraging business expectations of a number of industrialised countries, Sir Geoffrey added. However, he warned that renewed market turbulence would clearly threaten confidence.

He also said that the levels which the US dollar had reached this year ought be adequate for the achievement of a gradual improvement in economic imbalances, provided the right policies

ances, provided the right policies

omes

were in place.

Sir Geoffrey said there had been complete consensus on broad economic policy directions at the two-day OECD meeting, but heacknowledged that there was disagreement on "quantum, timing and dotail"

timing and detail".

He said, for example, that officials had all welcomed the recent measures to promote investment announced by West Germany. However, he emphasised that this did not imply that everyone agreed this action was enough.
"We agreed broadly but disa-greed in detail," he remarked. He also underlined that the gradual process of reducing eco-nomic imbalances was bound to

take time.

Meanwhile and separately, Mr
Edouard Balladur, the French Finance and Economy Minister to send to France's European partners proposals to strengthen the European Monetary System (EMS) and develop the role of the European Currency Unit

(Ecu). He claimed that the current situation was very dangerous for Europe as a whole and risked the imposition of serious repercus-

Giants clash over Telit affair

day.

They have now produced quite conflicting accounts for a parliamentary committee of how negotiations broke down on the creation of Telit. The new company was to have been the vehicle for developing Italy's telecommunications presence at home and cations presence at home and abroad through a merger of Ital-tel, the iri telecommunications company controlled by the financial holding subsidiary. Stet, with Fiat's Telettra

At the heart of the dispute is Flat's justification for rejecting Mrs Marisa Bellisario, the Italiel managing director, as Iri-Stet's nominee to the same position in Telit. Mr Cesare Romiti, the Fiat managing director, claimed on Wednesday that Fiat reached a formal agreement with Stet in July that Mr. Salvatore Randi, the Stet director general, would

The Fiat version implies either that Mr Giuliano Graziosi, the Stet chairman, was entering into formal agree approval of Mr Romano Prodi, the iri president, or that iri suc-cumbed to political pressures from the Socialist party and abandoned Mr Randi in favour of Mrs Rellieuro who has been Mrs Bellisario who has never made any secret of her Socialist links.

Challenging Mr Romiti's version, Iri last night published a letter written yesterday to Mr Prodi from Mr Michele Principe, president of Stet. denying that Mr Graziosi made any formal designation of Mr Randi in July. It quotes Mr Graziosi as saying that he intended to propose Mr Randi but that the final decision would have to lie with Iri.

tary committee that the agree out any interference in the run-ment on Mr Randi had been ning of the new company."

THE EVENTS leading up to the collapse of the agreement between the Flat Group and Iri, the Italian state holding company, on setting up a new telecommunications joint venture were a source of bitter contention between the private and public industrial giants yester-day.

When in September it was made in accordance with the procedures laid down by the Telit accord. He said that on September, a september it was made in accordance with the procedures laid down by the Telit accord. He said that on September alleging that procedural agreements had been breached and that the whole venture was being tainted by political interday.

Any such justification for the days of the Iri group if it did not officially nominate Mrs Bellisario. Any such justification for the Any such justification for the appointment was "outside and contrary to" the criteria previously agreed, Mr Romiti told the committee.

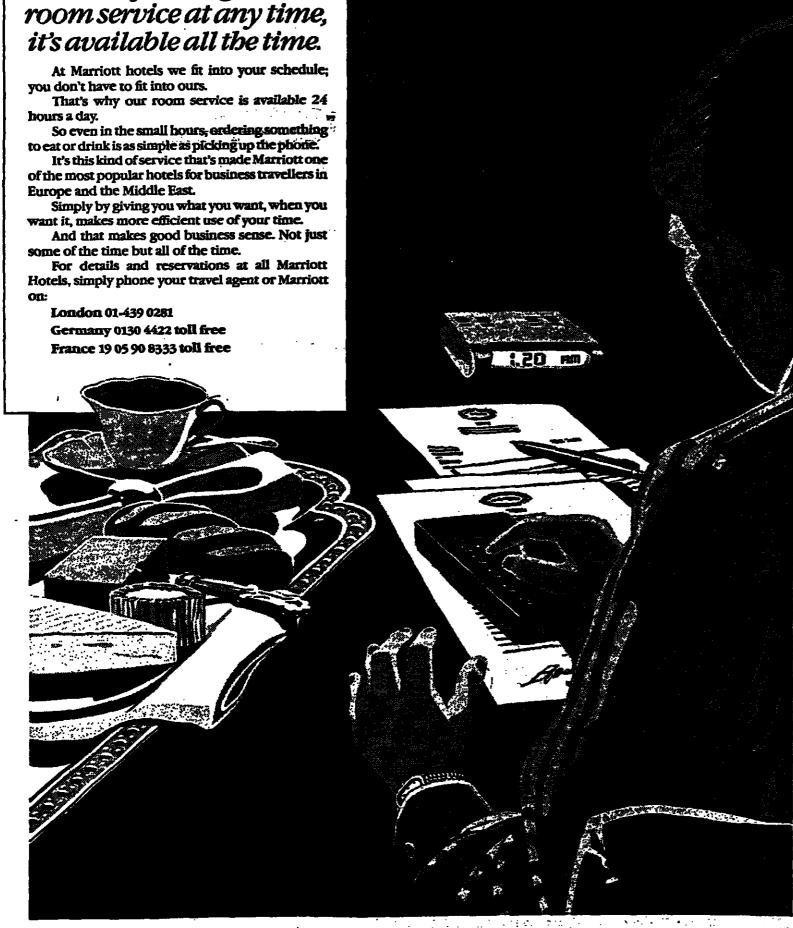
When he was told on September 15 by Mr Graziosi that Mrs Bellisario would then have to be the Iri nominee to Telit, Mr Romiti said that Fiat decided that it would have to pull out of the wenture because previous agreements were not being honoured. A subsequent mediation effort by Mr Antonio Maccanico, the sident of Mediobanca failed to

heal the breach. Mr Romiti repeated that Mrs Mr Romiti repeated that Mrs Bellisario was not being rejected because of her political connections but because a venture as important as Telit required "an identity of views between the partners and between the partners and the management without any interference in the control of the contr

The signs are not good. Massive red Chinese investment is leaving an indelible communist stamp on the colony. Will Western and Chinese capitalist businessmen be willing to stay? And if not, will anybody have it made in Hong Kong? Find out in 'The World in 1988', a magazine designed to leave you wise

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EUROPEAN NEWS

Ireland warned by OECD on budget deficit

IRELAND WILL have to take fur- welfare benefits. ther radical measures to reduce its government budget deficit to help improve its economic performance, the Organisation for help eliminate waste. ther radical measures to reduce help improve its economic per-formance, the Organisation for Economic Co-operation and Development warms in its annual

report on the Irish economy.

The OECD notes that despite recent efforts to reduce public spending, the Irish government subsidies and especially grants for fixed asset investment almost 11 per cent of gross that government intervention in the economy remains much many debt executive to about more extensive than in the control of the ment debt amounting to about 140 per cent of GNP, the Parisbased organisation says that sub-stantial and sustained fiscal adjustment is inescapable for Ire-

Four key steps are recom-mended by the OECD to help reduce the government deficit.

needy will require greater selec- year. tivity and in some cases this may argues that the Government will have to consider reversing part of the recent real increase in deficits.

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Strict limitations on pay the public sector.

• A further reduction in govern the economy remains much more extensive than in mos other countries, with govern-ment subsidies and support tak-ing 10 per cent of GNP.

The OECD also underlines the

need for a large cut in Ireland's overall borrowing, adding that foreign indebtedness is such that new government borrowing abroad must be eliminated. New They include:

A reappraisal of social welfare policies. The OECD says the current blanket coverage provided by social welfare transfers can no longer be sustained. Continuing protection for the most needy will require greater selections.

tivity and in some cases this may
be best achieved by subjecting crucial for Ireland to maintain
benefits to income tax it also
argues that the Government will
ment to help achieve a sizeable

Workers' profit-sharing comes to Soviet Union

A FACTORY in the Ukraine will the 4,000 workers. The staff break new ground next January would receive 3 per cent annual break new ground next January when it becomes the first Soviet

Mr Valery Samoilov, chief account. engineer at the Lvov Conveyor Combine in the west Ukrainian city of Lvov, said the factory had been losing staff because the existing nationwide bonus system did not guarantee them good money on a regular basis.

"We wanted to give them a solid interest in the company, avoid labour fluctuations and

stimulate better work. So, from January 1, we will launch a kind of savings scheme for them," he State television said last month

the enterprise would be the first to offer workers shares in itsprofits. But Mr Samoilov said the scheme was far from Westernstyle shares since there was unable to fulfill their targets and not he plant would not change.

The coalition, which did not treat the issue as one of confitreat the issue as one of confichange. Instead, he said, two funds

interest on it and at the end of enterprise to offer its workers a three years be able to choose share in the profits, Reuter whether to take it or deposit it in reports from Moscow. a long-term, higher-interest

account.

The second fund would pay the workers 3 per cent of whatever profits the factory made every month, Mr Samollov said. The plant, which makes automatic loading systems for container transport and trades with Hungary, Bulgaria and Yugoslavia, made a profit of roubles 11m last year.

workers at the plant would continue to receive bonuses under the old system, the chief engineer added. "If a man works more, produces better quality with less waste, he will still get his bonus," he said.

would be set up.

For the first, the factory had last year, Mr Samoilov said. It vote defeat.

The Sovieties was not clear what jobs they

The Sovieties was not clear what jobs they loan from the state of roubles went to but any who joined co-3.5m(£3.5m) - equivalent to its operatives allowed by new enterwage bill for three months - to prise laws could have considerable deposited as a one-time gift to bly improved their earnings.

FINANCIAL TIMES

Businessmen to sue Belgrade

BUSINESSMEN in Yugoslavia's rich Slovenia region said yesterday they would take the Government to court over its controversial economic austerity measures, Reuter reports from Belgrade. Mr Marko Bjulc, presi-dent of Slovenia's Economic Chamber, was quoted as saying the measures would cause social unrest and cripple the country's

Mr Branko Mikulic, the Prime Minister, last month implemented a price and wage freeze aimed at curbing Yugoslavia's the reasons for the build-up or 160 per cent inflation.

Belgian socialists set to stay in political wilderness

Tim Dickson reports on a political campaign which has failed to capture the popular imagination

This dispute is rooted deep in published by the Flemish maga-Belgium's history and although, zine Knack this week tended to

majority. Another illegal poll published by the Flemish maga-

now has more political groupings economic policy achievements of than most democracies. Except the last administration and the in Brussels, which is officially Prime Minister has made it quite bi-lingual, there are normally parties from only one side of the linguistic barrier on the ballot coalition.

He would prefer to continue

nigh on the list of any mitigating pleas.

The low key campaign has failed to capture the popular imagination, is complicated by a bewildering range of possible outcomes and, in the absence of any initiative on the country's bitterly divisive language problem, looks unlikely to throw up a government which will prove more stable than its consistently shaky predecessor.

The election was precipitated by the collapse in October of Mr Wilfried Martens' centre-right coalition of Liberals (conservatives) and Christian Democrats after its repeated inability to deal with Mr Jose Happart, a village mayor who refuses to take a proficiency test in Dutch, the official local language.

This dispute is rooted deep in Brussels, which is official groupings economic policy achievements of them most democracies. Except in Brussels, which is officially Prime Minister has made it quite clear that he is in no mood to bring the Socialists back into the coalition.

He would prefer to continue the evidence of three main protagonists (though important in Brussels) and who stage — but the evidence of three main protagonists (though important in Brussels) and who stage parliamentary bloc. This would also mean that the current coalition partners (and 25 to 30 per cent of the would be unable to form a electorate is still uncommitted) majority. Another illegal poll will confound the evidence of published by the Flemish maga-

BELGIANS have to provide a good excuse for not voting in general elections – or face a fine of BFT1,500 (\$24).

This compulsion is perhaps just as well, for with only three days left before the country goes to the polls, boredom and disenchantment are likely to figure high on the list of any mitigating pleas.

The seems petty it has become a good excuse for not voting in the Socialists have been in the government of Mr Martens, who government of Mr Martens, who government draws up a detailed but his is still will not be clear until the next government draws up a detailed but his is still will not be clear until the next government draws up a detailed but his is still will not be clear until the next government draws up a detailed but his is still will not be clear until the next government draws up a detailed but his is still will not be clear until the next least official estimated to have been made an extractive offer by a Brussels law government of Mr Martens, who is also known to harbour ambitions on a Europadum plus the options for fur

The Socialists have been in the political wilderness for more than five years but there is no guarantee that they will be back in the Government after December 13. The campaign of the Flemish GVP, the dominant Christian party of Mr Martens, who are numerically much polity achievements of the Minister has made it quite the economic polity achievements of the last administration and the Prime Minister who make the meast of the last administration and the Prime Minister has made it quite the condition. He would prefer to continue the condition and the condition are not being the Socialists back into the tree main protagonists (though important in Brussels) and who thus have the most to lose from any swing to the Left. They will be back to power, the voters on the day important in Brussels) and who thus have the most to lose from any swing to the Left. They will be according the content of the con

Portugal's dispossessed urge better return for their shares

next year.

The Confederation of Portuguese Industry (CIP), Portugal's management confederation, has urgently requested Mr Anibal Cavaco Silva, the Prime Minister, to ensure that interest on compensation bonds given to dispos-sessed shareholders in 1980 is

LEADING shareholders of companies nationalised in Portugal's Es50,000(\$204) worth of shares tion: the people running industry to 2.5 per cent for majority before 1975 were, and still are in shareholders. Meanwhile, inflation sourced to 29 per cent in 1982 and has slowly descended to 9 per cent this year, making interest on compensation before it begins privatisation next year. ueless in real terms. it is estimated that the real

this has been offered by post-revolutionary governments.

interest, descending from 13 per 1975. Small shareholders nationalisation) and to

buy half-crippled small compa-nies swept indirectly into the state net in 1975, and have made value of shares in hundreds of a success of these. To have sat companies nationalised over-on the bonds at 2.5 interest a night in March, 1975 is Es2trilyear would have been financial lion. Compensation of a tenth of suicide, they believe.

Now that the Cavaco Silva sessed shareholders in 1980 is brought closer to market rates.

The bonds had a 28-year term and carried a sliding scale of the sweeping nationalisation in lated state debts (incurred by

owned companies. Senior offirevolutionary era have been burcials readily admit their concern
ied and that dynamic entreprethat "economic groups" could
form on the basis of acquisition
before 1975 or afterwards, can
of privaticed capital of privatised capital.

and the CIP argue that Portugal needs solid capital and entrepreneurial groups to withstand the consequences of fully-free flow of EC capital after 1992.

strengthen other public enterprises financially, entrepreneurs the interest on compensation of the government's privatisation proposals include barring them acquire part of the shares one individual or business group from acquiring more than 10 per cent of the capital of state-compelexes of the compelexes of the comp

compete on an open market. While many entrepreneurs and Dispossessed entrepreneurs the CIP hope to find a negotiated solution avoiding international litigation, others are so sceptical about the willingness of the Gov-ernment to deliver real compen-

out waiting to see if the "study of the problem" which the Prime Minister has promised bears

They feel that the present administration is torn between the pressures of a strongly-estab-lished state-enterprise bureau-cracy loath to yield the status achieved after nationalisation, the pressures of new entrepre-neurs not keen on giving way to the old guard, and a feeling that, since it was not responsible for the nationalisations, carried out under Communist pressure, it is not obliged to make sweeping of EC capital after 1992.

Sation for past confiscations that payments for them 12 years they would prefer to resort to later.

Danes respond to Gorbachev military offer By Hitary Barnes in Copenhagen

A LEFT-WING majority in the Danish Folketing (parliament) yesterday called on the non-Socialist minority coalition Government to support Soviet proposals for discussions between the Warsaw Pact and Nato to limit mili-

to deliver.

It reat the issue as one of confi-Partly for this reason, 18 per dence, rejected the opposition's cent of the staff left the combine case, but went down to a 74-59

made by Mr Mikhail Gorbachev in a speech in Murmansk on October 1. Let us hear what he has really got in mind," said Mr Lasse Budtz, for the opposition Social Democratic Party Mr Uffe Ellemann Jensen, the

Foreign Minister, declared that Denmark must dissociate itself from any regionally-based defence policy schemes in the Nordic area and from the schemes outlined by Mr Gor-bachev

These, he said, were directed against Western interests and did

not call for any real restrictions on Soviet military activity in the areas concerned particularly the Norwegian Sea (but not the Barents and the Arctic Ocean). Speakers on both sides agreed that the Soviet military build-up

in the Kola Peninsular has con tributed to ending the status of



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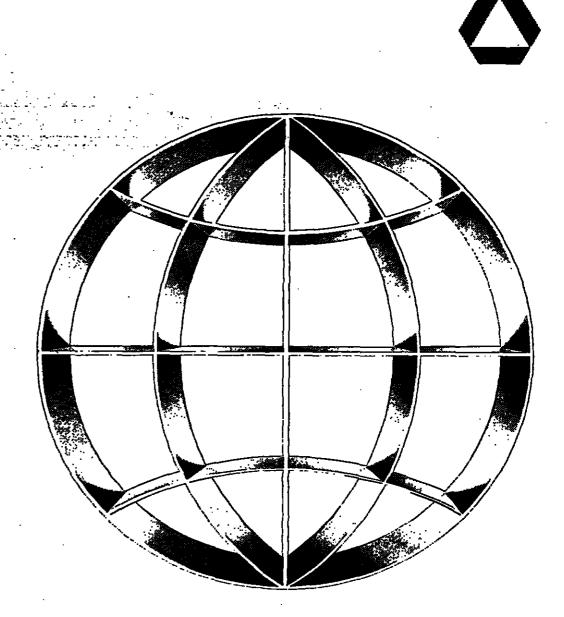


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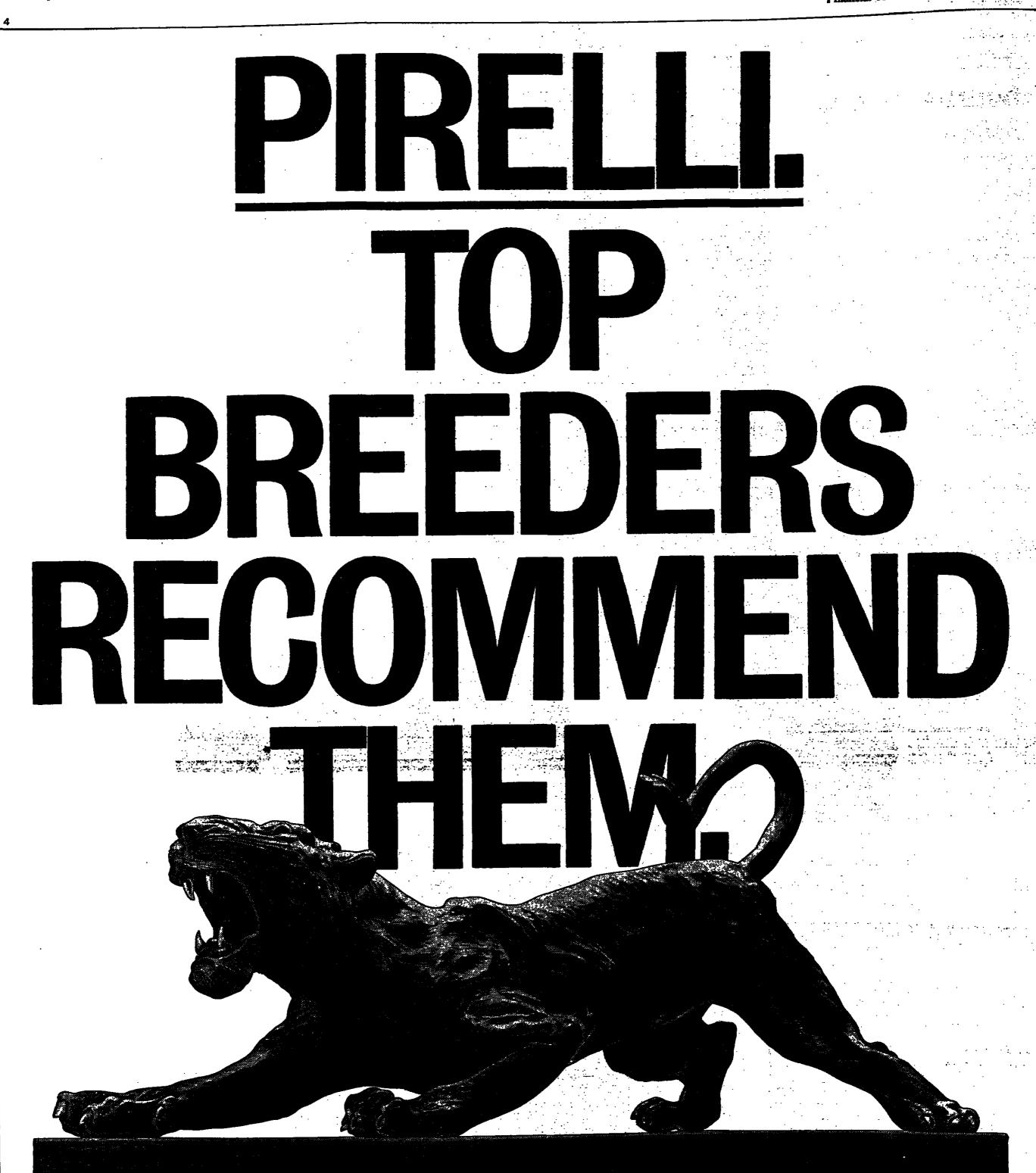
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More Manila bombs defused on summit eve

BY RICHARD GOURLAY IN MANILA

PHILIPPINE police yesterday defused two large bombs near Manila City Hall as a campaign continued to embarrass President Corazon Aquino's Govern-ment during the summit meeting of south-east Asian nations, Asean, which is getting under way in the capital.

A similar package of dynamite sticks was defused in Manila's business district on Wednesday less than 12 hours after two bombs exploded, one of them at the airport where the leaders of the six-member association will

Worries about security have dominated the preparations for the talks in Assan capitals. Philippine Foreign Secretary, Mr Raul Manglapus, said they were "nuisance bombings" that would not affect the summit

He suspected the bombs were planted by followers of z rebel colonel who was behind an unsuccessful coup in January and who are loyal to former

president Ferdinand Marcos.
Police on Wednesday captured
a second rebel colonel, GregorioHonasan, who led the most serious coup attempt against Mrs Aquino's Government in August

Philippine officials were summit clearly delighted yesterday with the timing of the capture and Mr Manglapus said it would have a This later the control of the capture and Mr Manglapus said it would have a This later the capture and Mr Manglapus said it would have a This later the capture and Mr Manglapus said it would have a This later the capture and Mr Manglapus said it would have a manglapus said positive impact on the prepara-tions for the summit.

Renter adds: Police said the rash of bomb incidents in Manila signalled a serious threat to Philippine stability.

Although the bombs had been defined they said they said they made they are the are they are the are they are they are they are they are they are they

defused they said they expected more such attempts by anti-government groups during the summit beginning on December 14.

The military said the bombs were not linked to Honasan, cap-



tured on Wednesday night, and blamed right-wing groups of ren-egade soldiers loyal to exiled former president Ferdinand Marcos.

Mrs Aquino said Col Honasan's

keeping up the pressure to embarrass the government. Manila has assigned 10,000 troops to secure the site of the

Mania Bay.

However, Philippine foreign
ministry officials said on Thursday that indonesia and Malaysia would bring naval flotillas to boost their security.

summit on reclaimed land beside

capture removed a destabilising factor and would aliay fears of regional leaders attending the

A senior police officer, who asked not to be identified, said: This latest attempt shows the threats from leftist and rightist groups are serious. They are

Ershad releases two top opposition leaders

THE BANGLADESH Government yesterday released 19 political prisoners including the country's two top opposition leaders, Mrs Sheikh Hasina of the Awami

League and Mrs Khaleda Zia of the Bangladesh Nationalist The two have been interned in their respective houses since November 11 for launching a countrywide movement aimed at

forcing President Hussain Mohammad Ershad to resign Both were held under the preventive detention act of 1974 which allows a person to be

detained for one month without formal charges.

After her release, Mrs Sheikh
Hasina said she had had nodis-Hasina said she had had nodis-cussions with any government leaders during her captivity. She said it would be possible for her party to participate in the next general election if it was held under an interim government, but ruled out participiation if. President Ershad remained at his post.

The present political crisis is the worst since President Ershad the worst since President Ershad took power in a bloodless military coup in March 1982. He proclaimed an emergency on November 27, suspended all human rights and imposed press curbs in an attempt to bring the situation under control.

A week later he dissolved par-liament asserting that he had acted to clear the way for hold-ing fresh polls to obtain an elec-



Ershad - uneasy mantle

national issues, including the constitution".

The two mainstream opposi-tion alliances led by the two ladies differ on the form of gov-ernment which they would like to see under a new constitution.
The Awami League wants to reintroduce a Westminster-type parliamentary democracy, while the BNP favours the existing presidential system.

The Government is now trying to the crisis through political dialogue with the opposition alli-ances, but the latter seem to have hardned their position. A clearer picture may emerge over the

Malawi nears IMF deal

By Victor Mailet in Blantyre

AFTER TWO years of diffi-cult negotiations, Malawi and the International Monetary Fund are close to signing an agreement which will

for Malawi, Victor Mallet reports from Blantyre. It will also pave the way for a rescheduling next year of the country's debts to bilateral denors and com-mercial banks.

Malawian officials and Western diplomats are opti-mistic that both sides will approve a 15-mouth standby agreement for about SDR20m starting in January, 1988, as well as a struc-tural adjustment facility, which could provide roughly the same amount over a three-year period.

First Gulf tanker sunk

A Singapore-registered tanker the 85,000 tonne Norman Atlan-tic, yesterday became the first vessel to be sunk in the seven-year-old Gulf war, reports Angela Dixon from Dubai.

The ship, carrying a cargo of the highly-inflammable distil-late, naphtha, went down near the Strait of Hormuz, some 20 miles off the Omani coast. It was hit last Sunday, and its cargo has been burning ever since.

Insurance rates for Gulf routes could rise even further as a result of the incident.

Meanwhile, Iraqi jets attacked a fully-loaded Iranian super-tanker, the 218,467-tonne Susan-gerd, with an Exocet missile in the northern Gulf on Wednesday night, causing a fire on board and sparking fears of further Ira-nian retalistion.

Israeli army kills youth as rioting spreads

ISRAELI troops shot dead a Pal-estinian teenager yesterday as and some petrol bombs as sol-riots swept the occupied West diers fired tear gas, rubber bui-Bank and Gaza Strip in protest at the killing of an Arab youth and the wounding of 16 by army gunfire, Reuter reports from

oad Race

Ibrahim Al-Aqeeq, 19, was shot during a violent demonstration in central Nablus, north of Jerusalem, and died at the city's Rafidiven Hospital, doctors said. Another man was shot and seriously wounded in the same clash.

Street barricades blazed in Gaza City and Palestinian youths fought running battles with

lets and volleys of live ammuni-tion over their heads.

At least five wounded demonstrators were admitted to Gaza's Shifa Hospital after widespread riots, strikes and a schools boycott spread through the teeming

coastal strip, doctors said.
In several parts of Gaza, demonstrators pelted soldiers with rocks from behind barricades of

burning tyres, wood, scrap metal and garbage containers. "Gaza is totally closed. The roads are blocked, the streets are strewn with debris," an international relief worker said.

Roger Matthews reports on the issues facing an all-too-rare political gathering

Security fears overshadow Asean summit

Wednesday evening of Col Gregorio Honasan, leader of the attempted coup in August against the government of President Corazon Aquino, made a significant if small contribution to easing tension in the Philippine capital in the run-up to the summit meeting of the Association of South East Adam Nations

tion of South East Asian Nations due to open on Monday.

However, the summit will remain firmly in that category of political gathering which will be deemed a success primarily because it happened. If, by next Wednesday evening, Mrs Aquino has waved farewell to the heads of sovernment from Indonesia. has waved farewell to the heads of government from Indonesia, Thailand, Malaysia, Singapore and Brunei, without a serious security incident having blighted their deliberations there will be cause enough for satisfaction.

It can already be claimed that the willingness of the five to travel to Manila demonstrates their commitment to Assan and

travel to Manila demonstrates their commitment to Asean and their appreciation of the political damage which would have been inflicted on Mrs Aquino had they insisted that the summit be held elsewhere. None can be entirely happy about their decision, which in some cases was taken against strong security advice and which is underlined by each new bomb explosion in the Philippines capital.

The causes of the attempted military coup in August, which rame so close to toppling the came so close to toppling the Aquino Government, have not New People's Army been identify new goals for itself in a single demonstrates blunted. For those wishing to embarrass Mrs Aquino, the presence of five Asean leaders, plus of the Asean leaders, plus of the San all coo obvious temptation. Mr Lee Kuan Yew, Singapore's Prime Minister, has aired some of the issues he believes will need to be faced, such as Japan's emergence as the world's leading creditor nation and the US as the largest debtor, with all the Inherent implications for local economies and original defence.

The Philippines is unlikely to be deflected from its aim of drawing other Asean members into the debate over the future of the two massive American bases at Clarke and Subic Bay, the leases of which have to be renegotiated by 1991. Apart from its emergence as a political issue



build-up at the Vietnamese bases of Cam Ranh Bay and Da Nang. It also highlights one of the paradoxes of Asean: that however hard it seeks to emphasise its economic and trading objectives it has been unable to escape the fact that its greatest cohesion has been achieved on security issues, in particular on its opposition to the Vietnamese military occupation of Kampuchea.

advancement of economic co-operation and integration. The leading bankers and business men comprising what inevitably became known as G-14 provided the first direct private sector input into an organisation hitherto dominated by governments and bureaucrats.

The G-14 recommendations have been refreshingly direct. Its report to the Asean summit

However, there too, Asean's role may be changing following the apparent progress during talks in France last week between Prince Norodom Sihanouk, who heads the coalition recognised by the United Nations, and the Vietnamese-backed Kampuchean Prime Minister Hun Sen. Should those talks continue to progress without the there was no equal to the free Minister Hun Sen. involvement of Asean it will be more than ever necessary for the association to find alternative ways of proving its worth.

One political irritant within Asean will be resolved during Asean will be resolved uting areas, customs unions and ultimately common markets.

Japan's trade surplus with the US dropped by \$700m to surplus with the US dropped b organisation will have to address the more fundamental question

within the Philippines, the Industry decided they would try American military presence has to give a lead by establishing a taken on an additional importance for Asean with the Soviet build-up at the Vietnamese bases advancement of economic co-op-

The G-14 recommendations have been refreshingly direct. Its report to the Asean summit insists that "the economic dimension must be developed to the point where, for the first time, economics will truly be the central game in Asean."

Should the summit fail to grasp the economic imperative it would have lost a crucial strategic opportunity. G-14 concluded that whatever its imperfections

\$4.7bn (\$2.6bn) from \$7.3bn a year earlier.

Exports increased by nearly 50 per cent. In yen terms, exports dipped slightly in the month, while imports rose by mearly 30 per cent.

Higher petroleum prices were a major contributor to the rise in imports, but Japan's ratio of manufactured imports continued to grow.

there was no equal to the free enterprise system.

On the sidelines of the Asea summit next week there is cer-tain to be academic discussion of the relative merits of free-trade areas, customs unions and ulti-

modest in the absence of a new cent.
political dimension to Asean. It organisation will have to address the more fundamental question of what sort of economic grouping it wishes to be.

In July last year, the Asean Chambers of Commerce and Chambers of Chamb

Japanese surplus cut to \$4.7bn

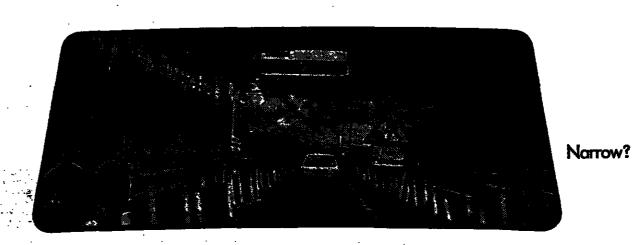
By Carte Repoport in Tokyo

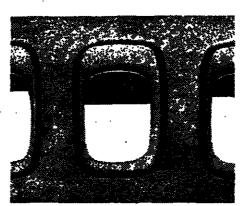
JAPAN'S trade surplus with the rest of the world contin-ned to shrink in November,

because of rising imports.
According to the Ministry of Finance, Japan's custom-cleared trade surplus last month dropped sharply to \$4.7bn (\$2.6bn) from \$7.3bn a

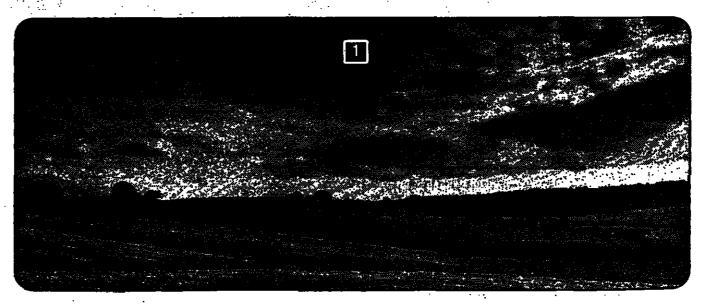
Ministry officials welcomed the change but some expressed fears that the most recent bout of yen appreciation against the US dollar could cause the trade surplus to begin growing again.

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Arias urges superpowers to quit Central America

BY KAREN FOSSLI IN OSLO

MR Oscar Arias Sanchez, Costa the Central American peace plan, yesterday accepted the Nobel peace prize for his efforts and urged the superpowers to

in Oslo yesterday he pleaded with East and West "to leave the interpretation and the implementation of our peace plan to

He suggested, however, that East and West support efforts for peace instead of the forces of war in the region. Attacking US He suggested, however, that East and West support efforts for peace instead of the forces of war in the region. Attacking US military support of the Contras, he pleaded for "plough shares instead of swords, pruning hooks instead of spears" to be sent to

UN officials

find 'missing'

war crime files

UNITED Nations officials have found almost all the war crimes files reported missing this week, according to a well-placed UN source, AP reports from New

mysterious circumstances.

We are satisfied that the files

were under proper security," a spokesman for the secretary gen-

in Nicaragua it was absolutely essential that the US should stop all funding to the Contra guerril-

On Wednesday Mr Arias said one reason he accepted the prize was because of Norway's that if peace was to be achieved in Nicaragua it was absolutely plan and the country's eagerness

He said that if, in the years to come, peace prevailed in Central America it would in part be due He said yesterday: "If they, for their own purposes, cannot refrain from amassing the weapons of war...they should at least strengthening of the world's strengthening of the world's ons of war...they should at least leave us in peace."

The Costa Rican president accepted the prize at a ceremony attended by Norway's King,

He turned his back on those



Oscar Arias: 'Leave us in peace

nons of war than to the councils

Haiti announces new elections

Hait will be held on January 17, the country's military-led gov-ernment has announced, Reuter reports from Port-su-Prince.

The announcement by the three-man government headed by Lt Gen Henri Namphy said the Government would name a new Provisional Electoral Coun-The files were located in UN archives, and an official statement on the files might be made cil (CEP) today to organise the

Diplomats said the fact that the military would effectively be

organising new elections on its own terms was likely to cause widespread rejection of the new it was reported on Tuesday that 433 of the 8,100 UN war crimes files had vanished under The formal announcement that the files had been found on November 29, but polling was withheld pending the out-come of an investigation ordered by Secretary-General Javier Perez de Cuellar.

In November 2, but hotel massacres by right-wing gunmen, acting with the appar-ent consent of troops who did not intervene, caused a suspen-

sion of balloting.
After the election day violence, Lt Gen Namphy sacked the sit-ting CEP - made up of nine rep-resentatives chosen by various

civilian and religious groups.

Most of Haiti's organisations have rejected the sackings, accused the government of com-plicity in the election massacres and declined to cooperate with any government-named electoral

The influential Roman Catholic and Protestant churches, academics and journalists have already rejected the establishment of such an electoral coun-

Canute James adds: The leaders of five Caribbean coun-tries are visiting Haiti for talks with the military government and political leaders, in an effort to resolve differences over the conduct of presidential elections. The group is made up of the Prime Ministers of Jamaica, St Lucia, St Vincent, the Nether-lands Antilles and Aruba. An official statement said the Carib-bean leaders will tell with i.t. bean leaders will talk with Lt Gen Namphy and to the leaders of political parties, about the

The Caribbean leaders had earlier said that the blame for the situation in Haiti must be shared by the military government, the political leaders and the country's electoral council which called off the voting. The group has also said its concern about events in Haiti is based on fears. that a further escalation in violence would damage Caribbean

But diplomats in the Carib bean have suggested that the Prime Ministers' assessment is not shared by many in Haiti, who believe that the military government is to be blamed for the violence which led to the postponement of the elections. The diplomats say also that Hal-tian political leaders are disap-pointed that the Caribbean Prime Ministers are motivated only by fears of damage to tourism, and not by a concern for the Rabin, the Israeli Defence Miniswelfare of the Haitian people.

Salvador activist murdered

A MEMBER of the Salvadorean Government's Human Rights Commission was gunned down outside his home in the eastern city of San Miguel, police said on Thursday, Renter reports from San Salvador.

Mr Rene Joaquin Cardenas Vargas, was getting out of his car outside his home on Wednesday at about 8,30 in the evening

at about 8,30 in the evening when two men approached and riddled him with bullets. He died instantly, police said.

Mr Cardenas was the second human rights activist to be murdered in El Salvador recently. On October 26, a suspected rightwing death squad gunned down Mr Herber Ernesto Anaya, president of the non-governmental Human Rights Commission.

The Roman Catholic Church has warned of a rise in political murders by right-wing death

has warned of a rise in pointed murders by right-wing death squads. Leftist guerrillas have also pledged to step up actions, which included street killings of security force members.

Mr Anaya's death sparked a
week of protests and caused the
guerrillas to break off peace

talks with the Government. Mr Benjamin Sestoni, president of the Human Rights Commis-sion, said: "We condemn this criminal act. Up to now, we cannot make any accusations, although we are in contact with

Some glimmers of hope amid the US trade deficit gloom

ber figure on its own suggests that the volume trends are still improving sharply. Exports are 8.25 per cent above the 1986 vol-

ume, but imports are only 2 per

for partly by price increases, though importers have been shaving their profit margins to protect their market share Part

of the explanation, though, is paradoxical

THE really bad news in the US merchandise trade figures for October is not the apparent lurch in the monthly figures - this is heavily influenced by the sea-sonal pattern of the motor trade, imports to fill showrooms for the

new model year have produced a spike in the deficit in October in three of the last four years.

It is simply that the underlying trade trend, in value terms, has still not threed, disappointing the hopes which had grown up during three successive months of improving figures. But the detail shows there is also some good news, even in the October figures.

October figures.

The fact that the US trade figures are not seasonally adjusted tends to produce shocks of this kind from time to time. Even a simple calculation of the three-month moving average, which has always been regarded in Britain as a more reliable trend indicator, put the October figure into perspective. It shows that the major slide occurred during the first half of 1967, and that there has been no significant movement over the last four movement over the last four months.

The most important explana-tion, by a large margin, is simply the familiar J-curve. Exports, which are up some 14 per cent in value over the first 10 months of Retail sales of imported cars long, as ma 1987, have risen only slowly in are almost exactly the same this now expect.

US TRADE DEFICIT 3-MONTH
MOVING AVERAGE \$8n

March
13.07
April 13.41
May 13.30
June 14.23
July 15.40
August 15.95
September 15.41
October 15.80

price, and the volume increase is 10.6 per cent. Imports have actually hear ground and per layer. The high October are last, but inventories of unsold cars have risen sharply.
The high October imports new release high of the last year's remain unsold, and partly, according to industry reports, an attempt by some of the weaker Japanese competitors to protect their quotes under the "voluntary import restriction code, in which the allocation for 1988 depends on shipments in 1987.
In short, car imports have

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shipments in 1987.

In short, car imports have actually been growing more slowly in volume terms, and are up 7 per cent over the year's o far.

But the weak dollar has raised prices sharply, so that the value increase is 20 per cent. The October 19 stock market crash.

The bigger underlying sorries that the volume.

October 19 stock market crash.

The bigger underlying worries have had only a limited impact on the October figures - the steadily worsening oil balance, and the rise in component imports which will result from the growth of local manufacture by Japanese and other import

Car imports, which account for only 11 per cent of total US imports, explain nearly a third of the lurch between September and October. This is accounted suppliers.
Already this trend is reflected Already this trend is relected is higher imports of capital equipment for these satellite plants. Against this, however, the further improvement in the underlying volume trends still leaves room to hope that the trade balance will begin to improve in good earnest before long, as many US forecasters now expect.

US memorandum will bring Israeli defence boost

ISRAEL and the US are to sign a new 10-year memorandum of understanding on Monday, ele-vating larael to the same status as Nato member countries for the purposes of defence procure-ment and research and development co-operation.

US counterpart, replaces a more limited-scale agreement con-cluded in 1979. According to the Defence Min-istry in Tel Aviv, the memoran-dum will facilitate Israeli compe-tition for US defence tenders. An

tus. "We have been promised equal footing with the Nato countries many times before. But it has never worked out in practice said one company official." increasing proportion of israeli it has never worked out in pracexports of military equipment tice said one company official and services are being directed flowers the US.

But Israeli defence industry military equipment stationed

executives were cautious yester-day about the extent of the advantages which could flow from the country's enhanced sta-ting. We have hear recriied

Also on the agenda will be the Arrow project, the short-range, anti-ballistic missile system, threatened with the budget are result of the latest cutbacks in US military spending.

THE SUPERPOWER SUMMIT

Glasnost takes its toll of Soviet spokesmen

"GOOD", SAID Mr Sergei Komo-lov, a young Soviet diplomat, yesterday as one of his col-leagues in the Soviet press centre in the Marriott Hotel in central Washington tripped over a cable and sent a constantly ringing telephone crashing to the floor.

After a week of dealing with 2000 to the relies of the relie is a little frayed. Mr Mikhail Gorbachev, the Soviet leader, said the previous night that he had turned down 150 requests for interviews from Western correspondents because they all asked

able. After three summits since 1985 Western journalistic cover-age has established a set pattern in which every topic is covered, largely irrespective of fresh Patrick Cockburn on press overkill at the summit

In trying to cater for this mas-

sive appetite for news and com-ment about the Soviet Union and its intentions, Mr Gorbachev has come to Washington with his usual team of academics, jourthe same questions.

His irritation is understandall willing to be interviewed. nalists, party and state officials

developments. A sort of indiscriminate journalistic saturation bombing is released on the heads of readers of the New York Economists are represented by Times and Washington Post, or Abel Sembergyan, Mr Gorwhich ultimately tends to obscure what is going on.

Mr Stefan Sharyan, first deputy chairman of the state planning committee, Gosplan. Science is ented by Dr Yevgeny Delikhov, vice-president of the Soviet Academy of Sciences, and Mr Roald Sagdeyev, director of the space research institute.

Most have now given so many interviews over the past year that they have little fresh to say. This is true even of such new arrivals as Mr Vitaly Korotich, All are intelligent and highly educated men, frequently speak-ing good English. Most achieved prominence before Mr Gorbachev came to nower in 1985 as

dom, which suspects them of being too clever by half.
Could these men be swept away by a conservative reaction? This is possible, but the success of Mr Gorbachev and his liberal

supporters in defusing the demonology of the evil empire makes it difficult for any future

government became extremely conscious that the vacuum of information it had created about the Soviet Union and its real policies made it extraordinarily vuinerable in any propaganda war. On the other hand, so long as there was an old or dying leader in the Kremlin, there was little the Soviet Union could do about

But by the end of 1984 efforts to put over the Soviet point of view were apparent. When the South Korean airliner was shot down in that year, Marshal Nikolai Ogarkov, the Soviet chief of makes it difficult for any future staff, suddenly broke with prece on the struggle between consersoviet government to return to the pre-1985 tradition of saying as little to the foreign press as little to the foreign press as



WASHINGTON SUMMIT

Top Soviet hangs on to his hat

of staff got a rare and friendly peek inside a tightly-guarded Pentagon decision room yester-day, then left the building after a politic refusal to surrender his hat, Reuter reports from Washington.

"This is the only hat I've got and I have to wear it on this trip," Marshal Sergei Akhro-meyev was quoted by a US mili-tary official as saying after one American aide suggested he

the Pentagon Joint Chiefs of Staff as a souvenir of the unusual visit.

Admiral Crowe, who collects hats from around the world, hosted Marshal Akhromeyev at breakfast, then took his Soviet counterpart - the highest ranking Russian officer ever to visit the Pentagon - to a tightly-guarded joint chiefs of staff conference

rows of colourful military ribbons on their chests.

In the small conference room, where the Pentagon's top generals and admirals meet regularly for decisions on military issues, Marshal Akhromeyev chatted lightly for about 20 minutes with the heads of the US Army, Navy, Air Force and Marines. He left the building after a 90minute stay, brown military hat still firmly on his head.

US postpones missile test

during the summit meeting between President Ronald Reagan and Mr Mikhail Gorheader, the Soviet leader, Ecu-ter reports from Washington.

The missile test is understood to have been rescheduled for Friday morning in Cape Canaveral,

"People weren't happy that the word got out yesterday that a test was scheduled," one official said. "And they particularly wer-

focused on the fact the test would occur during the summit."
US defence officials had said the Trident launch would pro-ceed on Thursday because the test was routine and held no particular implications for arms

Navy plans up to 30 test

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launches before declaring the missile operational

When word of the upcoming test surfaced on Wednesday, defence officials went out of their way to disclose that the missile would not be carrying its maximum load of dummy war-heads and thus should not be

control talks between the two superpower leaders.

The Trident II, a modernised version of the Trident I nuclear missiles now deployed on US navy submarines, has been testifired seven times so far. The maximum load of dummy warheads and thus should not be controversial.

The question of how many warheads the missile carries durming the string has evolved into a major issue of dispute between the White House and congressions. nal leaders

How 2,611 missiles will be smashed, exploded or crushed to smithereens

GIVEN all the glasmost between Robert Mauthner President Resgan and Mr Gor-bachev, the disagreement over the publication of a memoran-dum of understanding stating the exact location and numbers bolts of the most stringent ever on each site of the medium

range nuclear weapons to be destroyed under the INF treaty has been one of the more unexpected features of the summit.
In a curious reversal of roles,
the Soviet Union said it would publish the memorandum, while the US was still hesitating after arguing in the first instance that the technical information pro-

the technical information provided in the document was too sensitive to publish because it might be used by terrorists. Yet even before its publication, officials revealed that the numbers of Soviet and US missiles to be destroyed under the treaty is be destroyed under the treaty is somewhat different from the original estimates. The Soviet Union, which will eliminate twice as many missiles as the US a smaller ratio than indicated by previous data - will be required to destroy 1,752 inter-mediate range nuclear weapons, while the US total to be destroyed is 859.

There are fewer operational There are fewer operational Soviet longer-ranged INF missiles deployed than the original US estimates; 405 SS-20s, instead of 441, and 65 SS4s rather than the 112 originally thought, making a total in this category of 470. The Russians will also have to destroy 356 longer ranged missiles which are not currently deployed. In addition, they will destroy 387 deployed and 539 non-deployed short range INF weapons.

Of the US weapons to be elimi-

The roofs of missile plants will be rolled back to allow spy satellite inspections

nated, 429 are Pershing 2 and ground-launched missiles which have already been deployed in Western Europe, and 260 are non-deployed medium range mis-

The verification and inspec-tion regime, under which an army of inspectors will ensure that 2,611 US and Soviet missiles are smashed, exploded or crushed into smithereens and that none is produced again, is the most stringent ever devised in an arms control treaty. It provides for three types of inspection:

right within 30 to 90 days of the assembly joint into two pieces of start of the elimination period to approximately equal size. Anybody who thought that installations whether the data they might at least get away with an intact SS-20 missile transporter vehicle after all the

looks at the nuts and

arms control treaty its drafters. Under this provision the US and the Soviet Union will be able to make 20 annual inspections in the first three year missile elimination period, 15 a year during the subsequent

15 a year during the subsequent 5 year period and ten a year in the last five years. No more than half these inspections can be made in any one country. For 13 years after the treaty comes into force there will also be continuous monitoring outside two missile assembly installations; the machine-building plant at Votkinsk in the Soviet plant at Votkinsk in the Soviet Union and the Hercules plant No.1 at Magna Utah in the US. Each side will supply the other with the names of a group of 400 inspectors. Of these half will carry out short notice inspections and the other half will be involved in continuous monitor. involved in continuous monitor-

ing outside missile installations.

Under another important provision each party has the right for a period of three years to ask the other side to roll back the roofs of installations at which stages of strategic missile. stages of strategic missiles, which could be confused with medium range missiles, are assembled. This measure is intended to facilitate inspection by any satelites and was nation. by apy satelites and was particuby spy satelites and was particularly requested by the US which believed that certain parts of the Soviet SS-25 strategic missile could be interchangeable with those of the SS-20 medium range missile due to be destroyed

those of the SS-20 medium range missile due to be destroyed.

To facilitate the destruction of missiles each side is permitted to its manner over the first six months of the agreement. The remaining missiles are to be eliminated at special destruction installations. The warheads and guidance systems can be removed before arrival at the sites and the nuclear material in the warheads can be recycled in other weapons. can be recycled in other weap-

ons.

The treaty goes into the most The treaty goes into the most detailed description of the methods which can be employed to destroy missiles and their launchers. Thus, for the Pershing 2 the missile stages shall be eliminated by "explosive demolition or burning" the front section, minus nuclear warhead device, and guidance elements in an arms control treaty.

It provides for three types of inspection:

A "baseline" inspection under which inspectors have the right within 30 to 90 days of the start of the elimination period to approximately equal size.

transporter vehicle after all the

"Close-out" inspections at crushing, flattening, exploding
the end of the elmination period
to make sure that all missiles be sadly disappointed. "A portion
of the transporter vehicle chassis
of the transporter vehicle chassis
at least 0.78 metres in length,
over a 13-year period after the
treaty comes into effect which
are considered to be the lewel in are considered to be the jewel in governing the elimination of the the crown of the INF treaty by missile system sternly tells us.

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Europe's Business Newspaper

EC proposes accord on all traded services

rne Education (community ality detween different foreign yesterday unveiled its plan for suppliers should be regarded a negotiating the liberalisation of priori as inappropriate, as trade in services. It proposes that should regulations discriminating internationally tradeable services' should be covered in an compared with existing domestic international agreement on trading rules, expected to emerge Acceptance of these two criterions the current negotiations in ris would embed in any final

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Service Comment

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In its "discussion paper", to be of market opportunity in particsubmitted next week to the ular sectors.

Group of Negotiations on Ser The idea of gradual, progresvices (GNS), the EC asks all sive movement towards the
countries to accept as a basic aim objective of more liberal trade in

formed into a permanent regula- way open for the conclusion of tions committee, the EC sug- sectoral agreements in specific gests.
Its task would be to distinguish

THE EUROPEAN Community ality between different foreign,

ing rules, expected to emerge Acceptance of these two critefrom the current negotiations in the General Agreement on Taragreement the Gatt principles of iffs and Trade.

All services were on the negotiation and national treatment, requiring that fortisting table as far as the Comeigners receive the same treatment, the comparison of the comparison of

Richardson, the EC negotiator, afforded to domestic service said. The 12 had not yet decided industries.

Once the GNS had agreed which regulations were inappropriate, they would want any individual services are usually taken to include banking, insurance and other financial services, telecommunications, consultancy, tourism, health and education. Some agreements designed to move analysts add construction and each services sector towards

analysts add construction and each services sector towards transport. Services aiready "comparable market access" in account for 20 to 25 per cent of all countries.

countries to accept as a basic aim objective of more liberal trade in the progressive opening up of services distinguishes the EC their markets to purveyors of approach from that of the US, services.

It then spells out ways of a framework agreement be' reconciling this objective with reached by the end of 1988 and the sovereign right of every implemented by the end of the country to regulate its services Uruguay round of negotiations.

While the US wants general recognitions of the US wants general recognitions of the US wants general recognitions.

services.
However, the EC accepts that between national regulations, principles of behaviour may be which could be regarded as have to be spelt out for national appropriate, and those which monopolies and companies with

appropriate, and those which monopoles and companies with should be regarded as inapprosonable in the prize and subject to eventual elimination or amendment.

Negotiators would agree on the criteria to be applied by the regulations committee. For each services sector, these should include ticular the right of economic interpretations. lists of policy objectives, entities such as the Community accepted and inappropriate types "to liberalise regulations more of regulation, the EC suggests.

Any regulations which disthan with respect to third councriminated on grounds of nation; tries".

Jakarta ministries row delays power project

The dispute between the Co-Operatives Ministry and PLN, the state-run electricity utility which comes under the Ministry of Energy, is over management of a \$48m rural electrification scheme in Sumatra. Northern Electric Industries (NEI) of the UK is the officially-designated supplier under the loan agree-

An additional complication has An additional complication has been a call from the Ministry of Research and Technology for locally-made parts to be used for the project. The UK has so far resisted demands that soft-loan finance be used to cover local-

The dispute is preventing final agreement between NEL its bankers, Standard Chartered, and the Indonesian authorities. It highlights the problems facing to rightly the projects financed by loans, which should be spent with the donor-country.

"We're confident that we can

their chances on other contracts,

particularly in the power sector, which depend on future soft financing.

The dispute comes at a time

when competition for Indonesian contracts is mounting.

France, having shown greater initial reluctance to accept Indonesia's strict soft loan terms, has just signed a new protocol, worth FFr1.5bn.(£15bn).

Japan is to announce reduc-tions in interest rates on soft loans as part of the proposed \$2bn assistance to members of the Association of South East Asian Nations Officials from Asian Nations. Officials from Bappenas, Indonesia's Planning Ministry, are in Tokyo to finalise details of the package, to be unveiled when Japan's Prime Minister, Mr Noboru Takeshita, attends the Asean summit in Mania are track. Manila next week.

Under the new terms, Indonesis and Japan last week signed a new soft loan worth Y88bn (5413m), repayable over 30 years

New TNT order for BAe BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

world-wide operating transport TNT organisation, has contracted for The a further three British Aerospace Type 146 Quiet Trader four-en-gined jet freighter aircraft, worth about \$60m(\$33m). This brings to eight the num-

TNT, the Australia-based but ber of these aircraft ordered by

munity was concerned, Mr John ment from governments as that Richardson, the EC negotiator, afforded to domestic service

world trade and are growing Governments would also bind more rapidly than trade in themselves, in periodic agree-goods.

A mechanism for examining principles spelt out and applied, regulations should be established the EC proposes a more flexible during the talks and later trans-

Taiwan.

Mr David Buckley, partner in charge of the Copenhagen studies, said: "The need to develop transport systems capable of moving large numbers of people quickly and easily through or below the crowded."

BY JOHN MURRAY BROWN IN JAKARTA

A ROW between Indonesian ministries has delifyed contract finalistries has delifyed contract finalistation of the largest project
under the \$140m soft loan agreement with the UK signed last

the wrangle could jeopardise

sing in the US, cities like St Louis
have recently gone out to tender
for an underground railwork, or may already have done
so, for another underground railthe wrangle could jeopardise
way.

venture, is to start by supplying computers to Polish schools.

The shareholders are Active Technologies, an electronics trading company from the UK, the Polish Unimor and Eltra State-owned electronics companies and Labcomp, a new com-puter software co-operative in Warsaw.

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THE US-CANADIAN Free Trade Agreement is under new deadline pressure because Congress is facing such a heavy workload that consideration of the pact may be delayed for months.

David Owen on a consequence of the US-Canada trade deal

consulting engineers, and B. Hollund Rasmussen, Danish consultants, have been appointed to carry out feasibility and engineering studies.

A large number of cities in Europe poorth America the Mid-Europe, north America, the Mid-dle East and Far East are developing plans for mass transit rail-ways, likely to provide one of the few growth areas for international construction over the next lew years. The Danish proposals would

mean building an underground line from Fredriksberg mainline railway terminus, near the cen-tre of Copenhagen, eastwards to Krastrup Airport. It would con-nect with the existing city centre underground network and involve the construction of 10km of tunnels and 10 new under-

UK role

railway

n Copenhagen.

in studies

for Danish

DANISH STATE Railways is con

sidering building an under-ground and light railway system

The underground system would be equivalent in scale to

the Victoria line in London, which engineers estimate would cost more than \$400m to build at

present prices. Sir William Halcrow, British

ground stations.

The British and Danish consultants have also been asked to consider proposals for a light rail system which would link Fredriskberg station and other parts of the city centre with the air-

A light railway would be con-siderably cheaper to build than an underground line but could could seriously affect traffic patterns in a city centre when it is completed

Halcrow says the Danish Government will not decide whether to proceed with either project, both, or even parts of both, until the consultants have delivered their final report next year. Halcrow has previously pro-

vided design work for an under-ground system for Athens, which was recently put out to tender. It was one of the engineering conwas one of the angineering con-sultants involved in the first stage of the Singapore mass rapid transit (MRT) railway, opened recently. It also helped prepare prepare preliminary designs for the Taipel Metro in

streets of modern cities is grow-

In the UK, Manchester, Leeds, Birmingham and Bristol are among cities with plans to develop mass transit systems fol-lowing the successful completion of the first stage of the Dock-lands light railway in London.

UK-Polish computer sales drive

DIGITAL Laboratories Interna tional, the first UK-Polish joint

The aircraft are part of the fleet of 72 Quiet Traders it intends to buy over the next five years from British Aerospace, involving an investment of about \$1.5bn.

Digital is planning to supply 22,000 computers to schools within the next 18 months, first as finished products and later as components for assembly in Poland.

US-Canada pact under pressure

agreement until June 1.
The president is required to

sign the agreement by January

2 if it is to be dealt with under

the fast-track procedure which prevents Congress amending

However, the two chairmen

said Congress had not been adequately consulted because

anequately constitute because the governments were so late in approving the final text. "This is regrettable, and we have every right to expect that it will not be repeated in future fast-track neggotiations. The signing of an agreement

Two key committee chairman - Senator Lloyd Bentsen of the Senate Finance Committee and Mr Dan Rostenkowski of Ways and Means in the House of representatives - have written to Mr James Baker, US Treasury Secretary, to suggest that the US adminis-

initialled in October was the need to bring the auto pact, which has governed automotive trade between the two countries since 1965, into the modern world without offending Canadian canefilities.

dian sensibilities. The pact, which many Canadians regard as sacrosanct, ushered in a period of free trade with strings in the US-Canadian auto sector, providing for the passage of new automobiles and original equipment parts (excluding tyres), subject to certain condi-

On the US side, automotive products were accorded duty-free entry from Canada only if they met a 50 per cent North American content requirement. On the Canadian side, various Canadian assembly and value-added targets were stipulated.

Under these ground rules, the volume of automotive trade between the two countries has risen rapidly. The bilateral trade flow totalled almost C\$64bn (\$26.7bn) in 1986, with Canada enjoying a C\$5.1bn surplus.
But the auto part was conceived in an era when annual Japanese vehicle production was below 1m units and South Korea had still to achieve newly indus-trialised country status. In today's increasingly competitive North American marketplace,

pact has been subjected to incressing strain. The negotiators have accordingly moved to reduce this ten-

both countries vying to attract east Asian direct investment, the

sion by proposing a number of measures which appear to work unequivocably to the advantage of General Motors, Ford and Chrysler – the big three Detroit-based manufacturers.

First and foremost, the autopact has been recast as a private club. The dual undertakings of the canadian duty free by the end of the canadian duty remission turv.

While the practice should help ensure that Canada will be producing a disproportionately large ensure that Canada will be producing a disproportionately large share of south-east Asian vehines with North American plants will be able to ship vehicles and parts across the 49th Parallel duty-free by the end of the canadian duty remission turv.

pact has been recast as a private club. The dual undertakings of Canada not to allow additional Canada not to allow additional

But even then they will have quickly precipitated a countercompanies producing vehicles to meet a new North American vail suit and eventually the auto

The pact, which many Canadians regard as sacrosanct, ushered in a period of free trade with strings in the US-Canadian auto sector, providing for the passage of new automobiles and original equipment parts (excluding tyres), subject to certain conditions

appear to scupper the ambitions tougher than the content of Honda and Suzuki and others requirement enshrined in the to join the pact by the mid-1990s.

Persistent rumours that the Persistent rumours that the agreement completed this week may contain some changes on auto trade from the preliminary transcript have kept alive the hopes of some south-east Asian with overcapacity looming and producers. However, the latest word suggests that the only additional operation deemed eligible

for benefits under the pact will be the Ingersoll GM-Suzuki joint venture in Ontario.

domestically to qualify as eligi-ble manufacturers and of the US cent of the direct cost of manu-not to introduce comparable pro-grammes "without consultations" to qualify. This rule is estimated to be 10 to 25 per cent

before Congress has fully reviewed the text jeopardises

its chances for later approval

under the fast-track and cre-

ates doubts about the wisdom of fast-track procedures," they

The chairmen and their com-

The charmen and their continuous have been so tied up in working on budget and tax legislation that they have been unable to finish the omnibus

trade bill they had made a pri-

ority this year.
Given the Congressional schedule for the next few

Second, the agreement spells the end of the alluring duty remission schemes which Ottawa Asian carmakers into setting up shop in Canada. Under these schemes, non-North American producers have been promised duty remission on imports of for-eign vehicles as a reward for the export of Canadian-made parts to the US or elsewhere.

Auto pact scuppers Asian hopes scheme of 1962-63, which

weeks, it is unlikely that full

consultations (on the FTA)

can occur before Janaury 2

1988," the letter said. However,

if circumstances permit earlier action than June 1, "we can by mutual agreement move up the date for introduction."

The FTA schedule calls for

the agreement to be implemented on January I, 1989. The two chairmen said the

timetable they were suggesting will assure that Congress will take action before the end of

In both programmes Canadian exports to the US were promoted by remitting duty on imports into Canada. But 25 years ago, the argument runs, the imports

themselves at least came from the US. In the 1980s reincarnation, the bulk would originate in south-east Asia. south-east Asia.

Under the terms of the deal, the two sides have agreed to terminate duty waivers linked to exports to the other party upon implementation of the agreement on January 1 1989. Canada, meanwhile, has undertaken to terminate analysis hared duty.

terminate production-based duty waivers by 1996. Finally, auto pact members have retained the right to import parts and vehicles duty-free into Canada from overseas, in spite of automotive parts industry. In 1986, this right (which is not available to the industry in the US) coved the big three manu-

US) saved the big three manufacturers almost C\$300m in duty payments.
The retention of this loophole has enabled Canadian propo-nents of the trade deal to counter the argument that the elimination of tariffs undermines Canada's ability to impose sanc-tions against transgressors of the

Taiwan \$ rise hits local profits

By Bob King in Talpel

THE NEW Taiwan dollar is approaching a level that will approaching a level that will cause severe problems in many industrial sectors. A government poll of some 4,000 companies, released this week, shows that most believe they cannot sustain profitable operations if the Taiwan dollar rises above NT\$28 to the US dollar.

tonar.

The Taiwan dollar closed yester-day at 29.2 to US\$1 - an increase of about 28 per cent since late 1985.

A trade official conceded that the poll was less than scientific but private talks with manu-facturers and exporters indicate that for many companies, especially those dealing in lowand mid-range goods, the crunch has come

Manufacturers of apparel and footwear items sold in the lower end of the market are increasingly moving their labour-intensive operations offshore to newly-developing countries in the region where countries in the region where costs are lower and exchange rates relative to the US dollar are more stable.

The Central Bank in Taiwan, while intervening frequently with large purchases of US dol-lars to slow the local currency's rise, maintains that only market forces are behind the currency's rise. But it is clear that the US, whose trade defi-cit with Taiwan this year will substantially exceed last year's \$13.6bn, continues to make known its wishes that the Tai wan dollar should continue to

operations offshore, companies here have increasingly sought new markets in areas such as Europe, in a bid to avoid losses as the US tightens the trade screws. Reflecting this new emphasis, exports for the 11 months to end-November to West Germany were up by 59 per cent; to the UK, 61 per cent; to the Netherlands, 62 per cent; to France, 79 per cent; and to Italy, 72 per cent. Imports from these countries also expanded by considerable amounts during the 11-month period.

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lished yesterday. The survey shows that sales in November were lower than retailers expected. The CBI, the employers' group, said the recent slide in share prices does not appear to be affecting sales vol-

The CBI added that rising real incomes would continue to push sale up strongly in the next few months. It also predicted strong Christmas trade but retailers expect a later surge in sales than

in previous years.

In November, out of 266 retailers questioned, 56 per cent said sales had increased compared with the same month last year and 16 per cent reported falls. Mr Nigel Whittaker, chairman of the survey panel, said: "The results of the November panel confirm our belief that the

The results come ahead of other cial monthly figures for retail ers yesterday.

The latest figures show sales in the three months to October were 6½ per cent higher than the same time last year.

In results come ahead of other can be also the results of the res

Cockfield criticises attitude on EC

LORD Cockfield, Britain's senior

for Economic Co-operation.

Awareness in British Industry
of what the Community meant
and the opportunities it offered was also among the lowest any-where in Europe and was a source of real concern, although he welcomed a recent Government initiative to alert companies to the internal market pro-

Lord Cockfield, a former Con-servative cabinet minister, was particularly scathing about Britain's role in "first blocking and then eviscerating" a proposal

LORD Cockfield, Britain's senior European Commissioner, strongly criticised the UK yesterday for opposing parts of the European Community programme to create a single internal market by 1992.

Much of the Government's opposition was based on a failure to understand the issues involved, he said in London in a speech to the European League for Economic Co-operation.

To allow free movements, which was membership. But it has not integration. Interest which proved to be so, he said. If you belong to a community, you have to accept that at the end of the day it is the community interest which prevails. We are far from accepting this. We behind our fortress walls and pull up the drawbridge, he said. If this impression is wrong, it shows how much the UK has to do to repair its image in the rest directed particularly at Lord.

shows how much the UK has to do to repair its image in the rest of the Community."

Lord Cockfield acknowledged that Britain had always supported the broad thrust of the internal market programme. But it could not simply pick and choose the parts it liked, because the success of the plan depended on its being approved as a complete package.

to allow free movement of citi-zens across frontiers, which was central to further community proved to be so, "he said.

directed particularly at Lord Young Trade and Industry Sec-retary, who recently said that US experience showed that the ported the broad thrust of the internal market programme. But it could not simply pick and choose the parts it liked, because the success of the plan depended on its being approved as a complete package.

He had hoped the launching of the plan would give Britain an opportunity to assert leadership in the community after years of the plan would give Britain and opportunity after years of the plan would give Britain and difficulties with the

proposal, although they were based more on political than fiscal, financial or economic grounds and were much less severe than those faced by some other community governments. The Commission was ready to discuss ways of solving them.

Lord Young has also warned that the internal market plan must not result in unnecessar harmonisation and burdensom regulation. Lord Cockfield said yesterday that it was a "total misunderstanding" to suggest that the Commission favoured harmonisation for its own sake.

While some degree of harmoni while some degree of harmoni-sation was necessary, it had been restricted to essential matters. The Commission's approach emphasised mutual recognition of national differences and it had consistently proposed less harmonisation than many com-munity states wanted.

of date job legislation

Plans to

repeal out

By John Gasper, Labour Staff

THE GOVERNMENT plans to repeal legislation restricting the hours and times that young people can work and the types of jobs which women can undertake, Mr Norman Fowler, Employment Secretary, announced yesterday.

Mr Fowler said the Government - which plans to introduce legislative changes as quickly as possible - wanted to preserve real safeguards for young people at work but believed much legislation was now out of date.

The 92-page consultative document proposes amendments to three sets of legislation:

Towns people. There were 887,000 young people in the 1985. Labour Force Survey, and legislation covering their employment is described as "highly complex, inconsistent and in many cases out of date."

It is proposed to repeal legislation which westricts hours and

It is proposed to repeal legisla-tion which restricts hours and times of work, limits overtime, weekend work, shiftwork and nightwork.

Protection for wom

paper argues that legislation restricting the type of work that women can undertake in industries such as pottery, lead manufacture and mines and quarries, is now outdated.

Sex Discrimination Act 1975.

Section 51 - which provides general protection from liability under the Act to a person required to take discriminatory action under earlier legislation is to be repealed.

Smith New Court profits sharply up

its pre-tax profits of \$10.5m which have increasingly dominated the UK securities market. The firm, he added, would be seeking opportunities to expand and recruit staff laid off from other firms.

3.4.4m provision for client defaults as a result of the crash and losses from sub-underwriting the British Petroleum issue.

The company announced an interim dividend of 2.5p per share net of tax compared with 2.0p for the same period last year, when its pre-tax profits were \$3.4m. After allowing for the effect of a new equity issue

The company's success contrasts sharply with the experience of the two other leading equity market-making firms, Barclays de Zoete Wedd, which lost about \$50m, and Warburg Securities, which also suffered substantial, albeit smaller, losses.

Mr Tony Lewis, Smith New Court chairman, said that the results were an effective rebuff to the stock market rumourmongers, who had been claiming were \$3.4m. After allowing for the effect of a new equity issue the effect of a new equity issue during the summer, the company's earnings per share rose from 6.4p in 1986 to 13.8p. Its earnings in the last full year to April 24 1987 were 20.3p per share, corresponding with a presults were an effective rebuff to the stock market rumourmongers, who had been claiming back to 203p.

SMITH New Court, the only that the firm had suffered large IK securities firm which is losses in the crash and was seek-independently listed, yesterday ing a capital injection. The company used its capital economical a trebling of its half-year profits in a period which large that the little parks which have increasingly domicated the IK securities market.

Post union acts to avert revolt

BY JIMBLY BURNS, LABOUR STAFF

LEADERS OF the UCW postal LEADERS OF the UCW postar union yesterday claimed to have averted a major revolt by their rank and file which would have effectively dashed hopes of peace over the Christmas period.

Mr Alan Tuffin, UCW general secretary said last night: "Before today there was growing opposition and the risk of a real back-

lash...we have now steadied the situation." Mr Tuffin said he had to reas-sure London officials that in a deal struck by management and UCW leaders last week, the union leadership had not sacrificed the earnings of Post Office workers in return for a 1½-hour cut in the working week.

Scargill warns of job losses in coal plan

confirm our belief that the underlying growth rate of retail sales is now steadying and that, while growth will continue to be solid, we are unlikely to see rates of growth quite as rapid as at this time last year."

The results come ahead of official southly fluves for retail or westerday.

He predicted that the reorganisation would be accompanied by British Coal last night described gested Mr Scargill's warning of changes in the corporation's top management, including the promotion of Mr Albert Wheeler, the common with other business in January's NUM presimation of Mr Albert Wheeler, the area director in Nottingham-

Mr Wheeler is widely regarded uing review. as the inspiration behind many of the changes to working practices sought by the corporation, including six-day production and greater sub-contracting.

Although many of Mr Scargill's although other members of the corporation, although other members of the

nesses, the organisation of the industry was kept under contin-

workers in January's NUM presi-dential election.

Cosa, the NUM's white collar section, last night became the third of the union's sections to nominate Mr John Walsh, the North Yorkshire NUM agent for the presidential election.

ONE SCOTTISH PRODUCT IS FOUND ALL OVER RUSSIA.

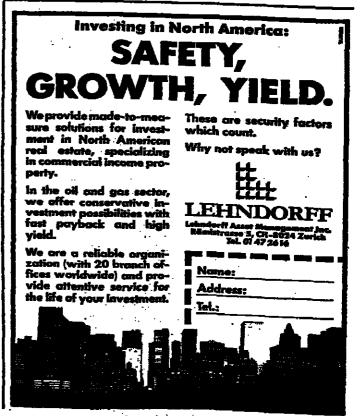


Gold, or to be more precise gold hot stamping foil, is exported to Russia in very significant quantities by a Scottishbased company, George M Whiley Limited. Such is the sophistication of Whiley's foil manufacturing technology, that 70% of the company's production is exported to over 100 countries worldwide and applied to many of the finer things in life such as exquisite bookbindings, champagne tops, perfume packaging and whisky cartons. In the mid 1970s Whiley's had three factories in the London area. To compete effectively in overseas markets it needed to consolidate operations in one location and so approached various development areas with a view to relocation. In Livingston, Whiley's found a perfect base, with excellent transportation links and manufacturing and labour costs that were at least 10% lower than London. Today, George M Whiley Limited and a host of other enterprising companies find that Scotland is the ideal location from which to service world markets. To find out more about the golden opportunities in Scotland for your company call Jim Reid on Freefone Scotland, or write to the Scottish Development Agency at the Scottish Centre, 17 Cockspur Street, London SW1Y 5BL.

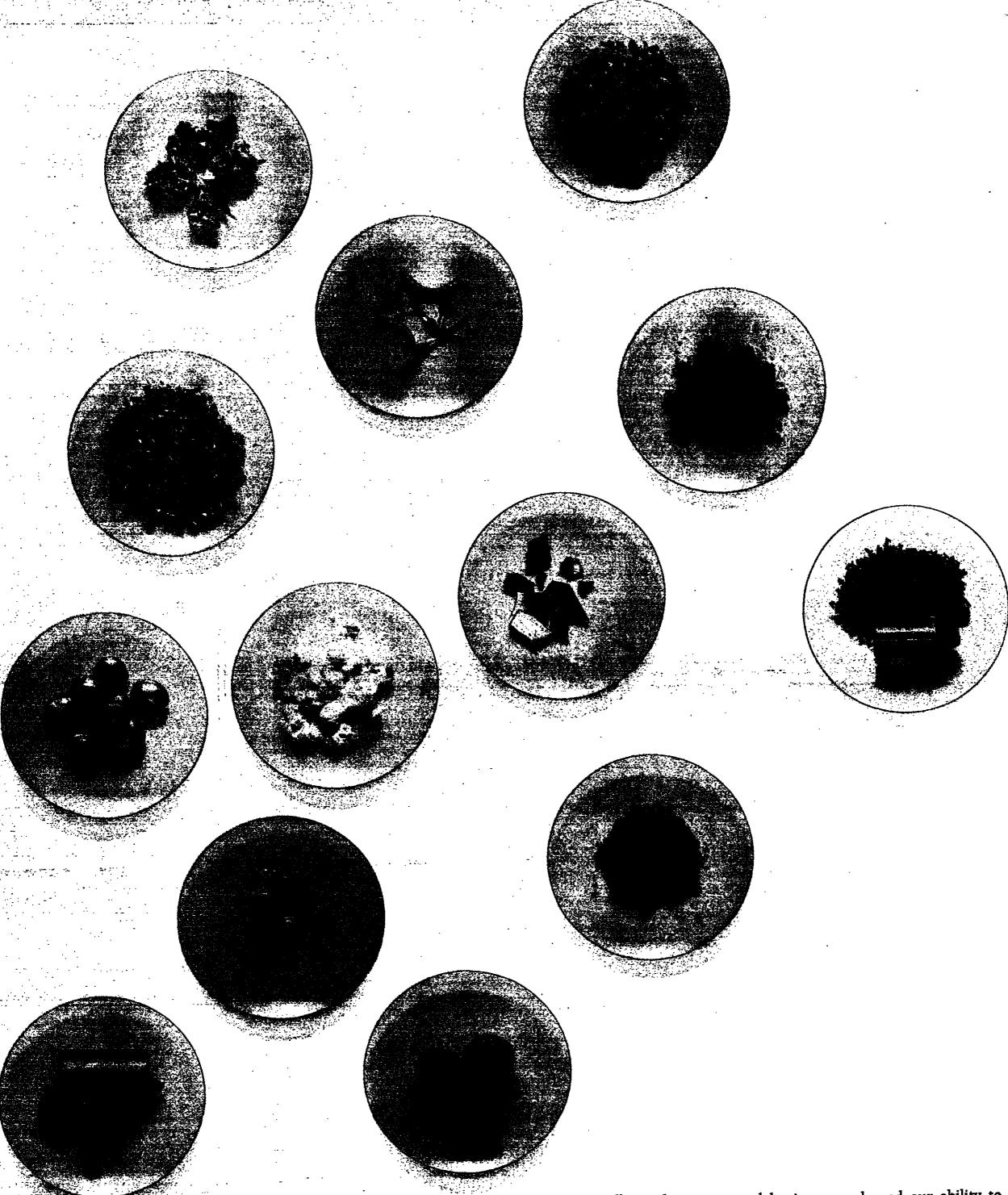
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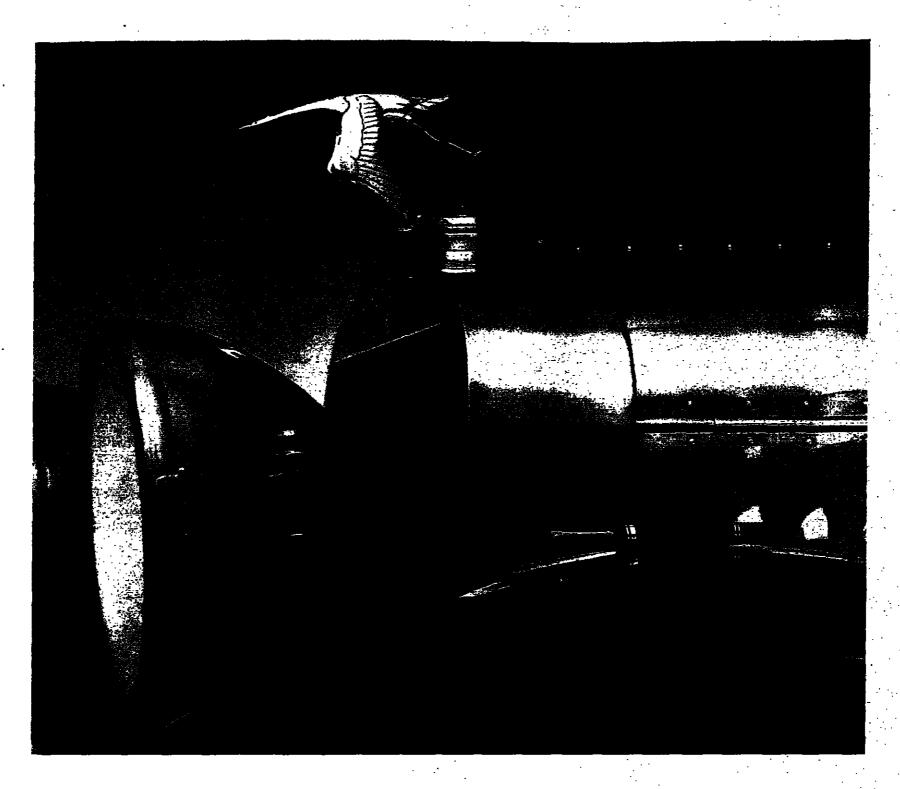
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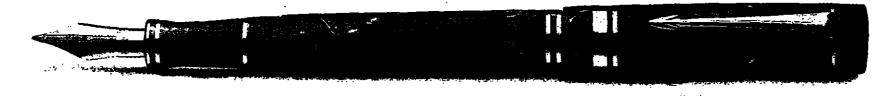
Rather than mould the cap and barrel 'en masse,' we machine them as we did in the old days, from a solid block.

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THE CASE of Mr Jeremy Warner, the business correspon-

dent of The independent, poses a

by giving the courts the power to punish such a person as if he

were in contempt of court. It was never envisaged that a

Journalist faces jail for not revealing sources

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

JOURNALIST faces being fined or sent to jail for refusing to co-operate with Trade Department inspectors investigating suspected leaks of price-sensitive information to a \$10m insider

dealing ring
Mr Jeremy Warner, formerly
with The Times and now business correspondent of The Independent, has refused to identify
to the inspectors the sources of information on which he based articles about pending govern-

ment decisions on takeover bids.

Five Law Lords yesterday decided unanimously that he had no "reasonable excuse" for not disclosing his sources, which were "necessary for the present were "necessary for the preven-tion of crime."

The case will now go back to the High Court, which will have to consider what punishment, if any, to impose on Mr Warner for contempt of court. Contempt can be punished by an unlimited fine or a jail sentence of up to two years. Mr Warner would have a right of appeal.

After the Law Lords' ruling Mr

Warner said he would continue to uphold the principle that a journalist should not disclose his sources - even if it meant his

I'm in an impossible position." he said. "Either I reveal my sources and commit professional There is only one real option: to



Jeremy Warner: refusing to

er's sources, although they have no wish to see him jailed.

Mr Warner is the first person to face punishment under the 1986 Financial Services Act, which gave teeth to the 1985 Company Securities (Insider Dealing) Act. The 1986 act gives inspectors the power to complain to the court if someone refuses, "without reasonable excuse," to co-operate with them. The court can treat such a person as in contempt of court. The inspectors, Mr John Lindsay, QC, and Mr Peter Crozier,
have intimated that they will tion of section 10 of the 1981 sources was necessary for it.

Contempt of Court Act, which provides that no one should be required to disclose a source unless such disclosure was 'nec-essary. . . for the prevention of

Lord Griffiths said the inspectors had been appointed to investors had been appointed to investigate suspected leaks about takeover bids from the Office of Fair Trading, the Trade Department or the Monopolies and Mergers Commission.

Information appeared to have been leaked to people using it to speculate on the Stock Exchange - a form of insider dealing.

Lord Griffiths said that Mr Warner had written an article in The Times about the pending

Insider Dealing) Act.

The intention of the legislation was to stop what a judge has called "the evil of insider dealing" by giving the inspectors the power to complain to the courts if someone refuses to co-operate with them in their inquiries, and The Times about the pending unconditional clearance by the MMC of a bid for Matthew Brown, the Blackburn brewer, by Scottish & Newcastle Breweries. and another in The Independent, saying that Mr Paul Channon, then Trade Secretary, looked certain to refer a bid by Strong & Fisher for another tanner, Garnar Booth, to the MMC. financial journalist who, it is acknowledged, is innocent of any crime would be the first person on whom the law's teeth would

The inspectors believed that he must have a source in, or close to, one of the departments who was prepared to leak price-sensitive information. Lord Griffiths said that the

That, however, is what has happened, and Mr Warner finds himself facing the possibility of going to jail in defence of the well established (but not legally absolute) principle that a journalist does not disclose the sources of his information.

If he does go to prison he will be the first journalist to be jailed for refusing to identify his sources since Brendan Mulholland, of the Daily Mail, was jailed for six months, and Reginald Foster, of the Daily Sketch, inspectors' task was to "probe and lay bare the whole dishonest web of the suspected insider dealing. He had no doubt that their purpose was the prevention of

the disclosure of Mr Warner's

dent of The Independent, poses a dilemma for the courts.

Mr Warner is refusing, in spite of a ruling by five Law Lords that he must do so, to answer questions about his journalistic sources put to him by Department of Trade inspectors investigating suspected insider dealing involving price-sensitive information leaked by civil servants.

Mr Warner is the first person to have been brought before the courts under the 1986 Financial Services Act, which gave teeth to the 1985 Company Securities (Insider Dealing) Act.

The intention of the legislation ringean services are pro-vides that inspectors appointed to investigate suspected insider dealing may require anyone to give them information and that "it shall be the duty of that

SECTION 177 of the 1986 Financial Services Act pro-

"it shall be the duty of that person to comply with that requirement."

The only exceptions to the rule are people entitled to refuse to disclose information on the grounds of legal professional privilege in High Court proceedings, or bankers in respect of or bankers in respect of a customer's affairs.

If a person refuses to answer any of the ques-tions, the inspectors can complain (under section 178) to the court. If the for three months in February, 1963, for refusing to co-operate with the Vassal spy tribunal. The punishment to be imposed

for contempt of court is solely a matter for the judge who deals with the case.

The options are an unlimited fine or a maximum two-year jail

sentence, or both.

Part of the courts' dilemma is that, this being the first case of its kind, there is no precedent.

There is also the problem that the Wesser case come to court any pringing Mr Warner and The Independent to their knees.

There is also the problem that the Warner case came to court because the inspectors wanted information from Mr Warner. information from Mr Warner.
They still want that informa-

tion and would be frustrated as would the court's order - if Mr Warner decided to bite on the bullet and endure a period in jail rather than betray the principle on which he has taken his stand. The same difficulty would bars.

court decides that the per-son has no "reasonable excase" it "may punish him in like manner as if he had been guilty of contempt of the court."

Raymond Hughes on a writer's refusal to reveal his contacts

Section 10 of the 1981 Section 10 of the 1981 Contempt of Court Act provides that "no court may require a person to disclose," nor is any person gailty of contempt of court for refusing to disclose, the source of information contained in a publication for which he is responsible, unless it be established to the satisfaction of the court that disclotion of the court that disclosure is necessary in the interests of justice or national security or for the prevention of disorder or crime."

arise if the courts were to impose a fine: Mr Warner - or more probably The Independent would pay the fine and the inspectors would be back where they started.

One possibility would be for one possibility would be for the court to levy an escalating series of fines — as has been done in contempt cases against trade unions — in the hope of eventu-ally bringing Mr Warner and The

cumstances of the Warner case, as might a succession of jail terms for continuing contempt, which would be another possible ontion Judges who have dealt with

the case - and the inspectors -. So, a dilemma for the courts' have made plain that they have no wish to see Mr Warner behind might be thought, for his

A source of dilemma for the courts himself guilty of insider dealing and that he is genuinely taking a principled stand as a journalist on an issue that has implications for the public interest.

But, at the same time, courts

cannot allow their orders to be Mr Warner based his defence on section 10 of the Contempt of Court Act, which provides that sources need not be disclosed except inter alia, for the preven-

except, ther ana, for the preven-tion of crime.

It might be argued that, three
Appeal Court judges and five
Law Lords having decided the
information sought is necessary
for the prevention of crime, it would be a touch arrogant for Mr Warner to think he knows bet-

However, the argument cannot rest there. Certainly it is in the public interest that crime be pre-

But so also is it in the public interest that there be a free flow of information to the media, which in the past have been instrumental in exposing wrong-

That public interest might be jeopardised if Mr Warner were to disclose his sources to the inspec-tors. His informant or informants would be likely to suffer some sanction — loss of job or perhaps even prosecution.

Who would then run the risk

of suffering a similar fate by talking to a journalist? Sources might well dry up, or at least be reduced, and future wrongdoing not exposed.

So, a dilemma for the courts: might be thought, for his

World fund for Ireland attracts over £53m

THE INTERNATIONAL Fund for Ireland, set up to promote economic and social progress and encourage reconciliation between Unionists and Nationalists throughout Ireland, has attracted more than \$53m from the governments of the US, Can-

ada and New Zealand. Figures in the fund's first annual report published yester-day show that \$8m has already been allocated and at September 30 a total of 1,112 applications had been submitted for

appraisal.
The fund, an international body exempt from direct taxa-tion, has so far received contributions from the US totalling \$85m, a first payment of \$1.5m from Canada and \$300,000 from New Zealand.

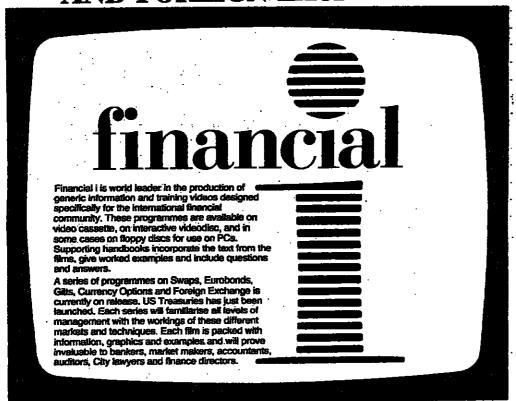
Mr Charles Brett, the chairman, said \$53m was substantial but had to be spread fairly over a large area, and was in no way political, he said.

The geographical remit covers Northern Ireland and six border counties in the Republic of Ireland with the emphasis on assisting a large number of small projects. ects rather than a small numb of large ones.

The report shows that the board has allocated \$7.55m to its Business and Enterprise Programme to be spent over two years, with \$5.22m allocated to Northern Ireland and \$2.33m to the border areas of the Irish Republic.

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FINANCIAL TIMES CONFERENCES

CIVIL AVIATION IN THE PACIFIC BASIN

The Pacific Basin, civil aviation's fastest growing air transport arena, is the subject of the Financial Times conference to be held in Singapore on 25 and 26 January 1988. The rapid growth in the region is already imposing strains upon the airlines, airports and the aviation infrastructure overall. It will generate a massive demand for new aircraft and the money with which to buy them for many years to come. The aim of this '88 conference is to define thes problems and indicate possible developments and solutions. many years to the debate include Dr Chaong Choong Kong, Singapore Airlines, Mr Missmari Kawano, Japan Air Lines, Mr Frederick Bradley, Jr, Senior Vice President of Citibank NA, Mr Michael Jones, Director of the Hongtong Bank Group, Mr Horst Problems Bradley, Jr, Senior Vice President of Citibank NA, Mr Michael Jones, Director of British Acrospace. The conference Pohiman, Vice President of Pratt & Whitney and Mr Sydney Gillibrand, Managing Director of British Acrospace. The conference has been timed to precode the Asian Acrospace '88 Exhibition, which will be held at Singapore Changi Airport, 27-31 January, has been timed to precode the Asian Acrospace '88 Exhibition, which will be held at Singapore Changi Airport, 27-31 January.

THE FT CITY SEMINAR

The Financial Times City Seminars have been very successful and 11, 12 & 15 February 1988 are the dates for the sixth briefing on the changing structure of the City of London. The agenda includes distansion of the major markets, players and developments in the business environment. An assessment of how the City withstood the storms of recent weeks will be included. In the business environment, an assessment of how the City withstood the storms of recent weeks will be included. Mr Win Bishoff of Schroders resums to the platform as opening, speaker and among the other contributors on this occasion are Mr John Matthews of County NatWest Ltd, Mr Robert Guy of N M Rothschilds, Mrs Francesca Edwards of Morgan Gusrantee Ltd. Mr John Atkin of Citibank, Mr David Suratgar of Morgan Grenfell, Mr Peter Rawins of R W Sumpe and Mr George Nissen Ltd. Mr John Atkin of Citibank, Mr David Suratgar of Morgan Grenfell, Mr Peter Rawins of R W Sumpe and Mr George Nissen Ltd. Mr John Atkin of Citibank, Mr David Suratgar of Morgan Grenfell, Mr Peter Rawins of R W Sumpe and Mr George Nissen Ltd. Mr John Smith MP, of the Securities Association. Mr Mare Lee, Financial Times Conference Adviser, is to chair and the Rt Hon John Smith MP, of the Securities Association. Mr Mare Lee, Financial Times Conference Adviser, is to chair and the Rt Hon John Smith MP, of the Securities Association and Mr J. A Donaldson, formerly of ICI, are two of the non-city speakers who will be addressing Updated to discuss block bookings.

CABLE TELEVISION AND SATELLITE BROADCASTING
The Financial Times sixth conference on Cubic Television and Satellite Broadcasting, to be held in Landon on 17 and 18 February.

The Financial Times sixth conference on Cubic Television and Satellite Broadcasting, to be held in Landon on 17 and 18 February.

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Geveropment.

The Er Douglas Hard, CBE, MP is to give the opening address and will speak to creating a introduceding structure for the next century. Mr Michael Checkinol, Mr Authony Simondo Gooding, Mr Richard Donn, M. Cyrille Du Pelsux and Mr Jurgen Dotx are century. Mr Michael Checkinol, Mr Authony Simondo Gooding, Mr Richard Donn, M. Cyrille Du Pelsux and Mr Jurgen Dotx are cannot be distinguished panel of speakers who will review the changes that are taking place in the whole media scene.

All enquiries should be addressed to: The Financial Times Conference Organisation, 2nd Floor, 126 Jennyn Street, London SW1Y 4UJ. Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF G Fax: 01-925 2125



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And now with the arrival of Mary Quant, it's really back in fashion.



Peachey Property Corporation plc

MPs hit at response. in military fraud case

By Lynton McLain

THE Director of Public Prosecu tions' decision not to prosecute 89 serving or former civilian per-sonnel in the British Army for alleged falsification of travel and subsistence claims was criticised by MPs on the public accounts

They also protested against the army decision not to court-martial officers and other military managers for allegedly failing to

carry out duties.
The civilians were explosives searchers for the Royal Engineers. Sir Clive Whitmore, Permament Secretary, Defence Ministry, told the Commons committee the ministry still employed more than 50 of the

He said ministers were not told of the fraud when it was detected in September 1984. Details are in the 1986-87 appropriation accounts published by the Commons and investigated

this week by the committee.

Sir Clive said total losses were substantially and considerably greater than the \$203,416 quoted: they might be two or three times the published fig-

The accounts show that a ministry probe begun that September revealed as established practice by many searchers the claiming of full allowances to which they were not entitled. The searchers' unit was absorbing 10 per cent of the army's total civilian travel and subsistence smending.

tence spending.
Mr Ian Gow, Tory MP for East-bourne, said three military offences were committed: Military management failed to correct inaccuracies in expense

 It appeared to have encour-aged searchers to submit claims known to be contrary to minis-

 Countersigning officers failed to carry out duties properly.
 He asked why the authorities. in those circumstances, had thought there was insufficient evidence for prosecution or disci

plinary action. Mr Michael Latham, Tory MP for Rutland and Melton, called for court-martial of army person

Sir Clive said the ministry took no disciplinary action against those who countersigned the fraudulent claims, or against any other management personnel involved. Eventually, it issued warning letters to all involved.

BR locomotive order likely to go to Britain

BR invited bids for its Class 60 locomotive from General Motors and General Electric of the US, and a European consortium com-prising NEI of the UK, MAK of West Germany, and BBC Brown Boveri of Switzerland.

This was the first time US companies had been invited to tender for a locomotive order under BR's value-for-money pro-curement policy, under which all large contracts are subject to competitive tendering.

General Motors was favourite to win the order because of the high regard in which its Class 59 freight locomotive is held by BR. Technical staff are understood to have been impressed by the performance of four privately owned Class 59 locomotives operated in the UK by Foster Yeoman, the aggregates producer

In the event, the only bids received were from the three leading UK railway equipment companies - GEC Transportation Projects, Brush Electrical. Machines, a Hawker Siddeley subsidiary and Metro-Cammell, part of the Laird Group. However, GM may still win a

significant part of the order as a sub-contractor to GEC Transportation Projects, one of the three leading UK railway equipment leading UK railway equipment 100 locomotives, though more manufacturers.

GEC will use GM diesel considered attractive.

AN ORDER for around 100 engines if it wins the contract, freight locomotives for British with electrical work carried out Rail – worth up to \$140m – appears certain to be placed in company, and mechanical work by British Rail Engineering.

BR said there was no truth in suggestions that this was a way started by the railway with electrical work carried out the property of the railway with the railway with electrical work carried out the railway with electrical work carried out the property of the railway with electrical work carried out the property of the railway with electrical work carried out the property of the railway with electrical work carried out the property of the railway with electrical work carried out the property of the railway with electrical work carried out the property of the railway with the

of providing the railway with the locomotive it wanted, without risking a political row by placing the order abroad.

Mr Brian McCann, managing director of GEC Transportation

Projects, said the tender specicified a locomotive with many features of the Class 59, but incor-porating substantial changes. Brush Electrical Machines and Metro-Cammell plan to offer BR a choice of engines, but both said the components were likely to be

British-made.

The absence of overseas bids was greeted with relief by the Labour Party and the railway trade unions, which had threatened to try to stop the order leaving the UK.

Mr Robert Hughes, shadow Transport Secretary, urged BR to ensure that the engines used in

the Class 60 were manufactured in the UK. in the UK.

Mr Vernon Hince, assistant general secretary of the National Union of Railwaymen, said it was important that the manufacturing expertise available in the UK should be maintained.

The Class 60 locomotive order

will be the biggest investment in freight traction capacity for 10 years, and is intended to allow BR to haul much longer trains. BR is expected to order at least

Jobs gain for Hartlepool

and plastics company based at methods of packaging compo-Hartlepool, north-east England, nents in plastics. The company is creating 150 jobs as a result of a \$500,000 investment scheme.

The company says the expan-sion is designed to cope with an influx of orders from equipment manufacturers, including Black & Decker, Electrolux and Ikeda-

Stadium has a turnover of site to support its growth and about \$20m a year and has recently been growing rapidly, particularly in electronics, where in Germany, France and Spain.

STADIUM, a private electronics it has developed innovative currently employs 300 people at Hartlepool.

Hinari, the UK consumer elec-

tronics group, is spending \$1.5m. on a manufacturing development at Cumbernauld in Scotland in a move that will create 200 jobs. It will produce a range of hi-fi

US missile dispersal practising to continue

By David Buchan, Defence Correspo

US CRUISE missile units are likely to continue prac-tising dispersal tactics out-side their UK bases at Greenham Common and Molesworth up to the time that the missiles are with-drawn, the Ministry of Defence said yesterday.

Defence said yesterday.

Commenting on the implications for the UK of the newly signed Intermediate Nuclear Forces (INF) treaty, MoD officials said the first cruise batch to leave the UK would be the 16 missiles recently deployed and made operational at Molesworth in Cambridgeships

Cambridgeshire.

That did not preclude missile-carrying trucks making practice convoy trips out-side the Cambridgeshire base before the INF treaty comes into full effect.

The MoD said Nato strategy would be to keep cruise and Pershing missiles oper-ational until they were eliminated in batches over a three-year timetable.

By the end of the elimination phase, probably in mid-1991, the 114 cruise missiles at Greenham Common and Molesworth will have been shipped back to the US for destruction, and the hardened missile storage bunkers at the UK bases will probably have been destroyed.

The INF treaty, said MoD officials, only demanded the destruction of support facilities for "treaty-limited items," meaning missiles. If the bunkers could be converted into something which, to the Russians' sat-isfaction, could not be used to house missiles, they need not be destroyed.

Construction of the two UK cruise bases has cost \$174m, with the US putting ap \$78m, the Nato infra-structure fund \$37m and the UK £37m.

The MoD said no decision had been made on alterna-tive uses for the bases. But the Soviet Union's right to inspect them up to 10 years after the elimination of craise missiles might inhibit the ministry from putting the bases to any other sen-

Lisa Wood examines Kentucky Fried Chicken's latest venture

Licking fingers over a new deal

EUROPE'S LARGEST Kentucky Fried Chicken restaurant was officially opened at Marble Arch, London, this week, it is the first fruit of a joint venture in the UK between KFC, part of PepsiCo, the US drinks and food group, and Trusthouse Forte, the catering and hotel group.

Cane chairs and potted plants adorn the 220-sear restaurant, which the two partners see as the flagship for an attempt to re-establish KFC among the big players in Britain's growing fast food industry.

players in Britain's growing fast food industry.

PepsiCo bought KFC last year for \$850m (\$467m) from R J

Nabisco, the US conglomerate.
(Colonel Saunders, the originator of the "finger-lickin" good" recipe, sold out in 1964 for \$2m.)

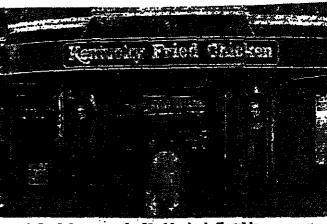
For PepsiCo, the joint venture is part of an investment programme in the key markets of the UK, Canada, Japan, Australia and West Germany, countries where it and other US quick-service restaurants concentrate about three quarters of their about three quarters of their international development

Joint ventures are an operat-ing style liked by PepsiCo, which has Pizza Hut operations in Britzin in a 50-50 partnership with Whitbread, the brewer. Trusthouse Forte, a partner since last year in the KFC venture in the UK, heads its management team and sees the enterprise as a means to gaining a substantial stake in the British fast food market.

The market is estimated to be worth about \$1.8bn a year, of which KFC has about an 8 per

The operation is a challenge to both companies because KFC's experience in the UK is a classic example of a business that failed to adapt to the marketplace. KFC opened its first fast food outlet in Britain in 1965, some years before the rash of similar places that erupted on the streets in the

While some KFC outlets had seats, the majority were takea-ways off the high street where they tended to attract a latenight clientele. Most of the places were franchised and there



A fresh image at the Marble Arch flagship

quent variation in quality of raw in which we operate."

Radical surgery was needed. materials and cooking.
In contrast, operators such as
McDonalds had not franchised in

the UK and kept tight control over quality.

Mr Steven Fellingham, president of KFC's International operations, said: "The weak-nesses in our systems started to show with the entry of new competition which raised standards and increased consumer expecta-

Turnover in KFC outlets started a downward trend in 1978. An advertising campaign, launched in 1983, temporarily bolstered sales, but new customers failed to make repeat purchases. In 1984 there was a serious fail off in sales, a trend one fail off in sales, a trend one fail off in sales, a trend one fail off the second of the the accelerated according to the company by the imposition of VAT on hot takesway meals, the main part of its business.

Two years ago market research initiated by the company showed that its UK operations were in trouble. KFC, compared with its competitors such as Wimpy and McDonalds, came bottom in per-ceptions of quality, service, facil-ities and value for money.

Mr Colin Naughton, executive vice president of KFC Corpora-tion of the US, said: When the

KFC Corporation saw what was happening it was shocked. Not only was it the worst rated fast food business in the UK but the outlets are on secondary sites, away from the high street where most fast food restaurants are fighting for sitdown customers.

Mr Naughton said: "We believe the KFC concept can work in the

UK on a variety of trading sites including the high street, edge-of-town free-standing units and

on secondary sites."
In the longer term KFC hopes to relocate up to half its restaurants to high streets.

It is a strategy that has not always been welcomed by franchises with strong protests last

always been welcomed by fran-chisees, with strong protests last year from the KFC Franchise Association because high street sites can mean higher rents and rates. Mr Harry Latham, chair-man of the association, said: "We are not against what KFC is doing per se. We just want them to show us that it can be done profitably."

Mr Fellingham said: 'Our aim was for KFC to become a fun place for the whole family. We did not want them restricted to The company argues that it is sensitive to the problems of transition. We have incentive agreements," said Mr Fellingham, which give a subsidy for relocation on to primary sites.
"In addition, we believe that as

the pub trade after 11 pm."

Changing an established image is a difficult enterprise but it was not a new challenge for KFC. In the US in the mid-1970s, under we open restaurants with our money and demonstrate the suc-cesses that are possible we will get the majority of franchisees to follow our lead."

its former owner, the company set about upgrading itself with emphasis on bigger and improved outlets. KFC and THF are pouring a improved outlets.

Mr Naughton said: "In the UK
we needed to look at product
quality, service and facilities. We
believed we could quickly
improve the business if we
immediately tackled the first two considerable investment into the market with new restaurants costing \$300,000 plus. Next year they plan to open 10 and then accelerate the rate to over 20 outlets a year. areas. The question of facilities

City analysts, while not over-bullish about the operations of KFC, said the operation should benefit from the partnership with THF. Mr Michael Landy-more, of Henderson White Jenwas a longer-term problem.

An assessment panel was set up to evaluate store standards and identify areas of weakness. Some franchisees did not see eye-to-eye with KFC after being counselled on quality deficienkins, the stockbroker, said the venture "had a chance of success' particularly as the manage ment team was led by THF celled after legal action.
Other franchisees asked to be released from their agreements, bringing a total of 86 that left in which had experience and skills through its catering operations including Little Chef and Happy 1986. There are presently some 70 franchisees operating about 220 outlets. In addition, there are Eater restaurants.

Changing an established iden-tity was not impossible, said Mr Landymore. "United Biscuits," he said, "did the same when it places were franchised and there food business in the UK but the The next stage was the bought Wimpy from Lyons in was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies, with a consecutive was little supervision on purchasing policies.

Accountancy firm share move

THE GOVERNMENT wants to allow outsiders to own shares in accountancy firms, in spite of the call for a ban from some leading members of the profession, Mr Francis Maude, Minister to posals include:

deals with the regulation of audi-protection.

The Government will delegate its powers for regulating auditors to the professional bodies. They will need to submit their rule books to the Department of posals include: of Corporate and Consumer

Affairs, said yesterday.
He said a final decision would not be taken until early next year, when the chartered accountancy bodies are due to publish a report on the effects of outside shareholdings on the independence of auditors.

The comments came as the Government published its proposals for implementing the European Community's eighth

the UK's largest accountancy firm, reported a 26 per cent

increase in turnover to \$232.4m in the year to September 30,

reflecting another strong year of growth for accountancy firms.

At the same time, Arthur Andersen, the seventh largest firm, said its fee income rose by 30 per cent to \$102m. Both firms predicted that fees would confirm that the second confirmation of the second confirmatio

tinue to rise strongly, in spite of the effect of the stock market

posals include:

Companies will have to publish details of how much they pay their auditors for non-audit services. This proposal replaces should be prevented from pro-viding non-audit services, such nagement consultancy. It

Peat Marwick turnover ahead 26%

turnover in this area by 52 per cent to \$36.2m, while Peat Marwick, which has a broader range of services, saw fees rise by 50 per cent to \$32.6m.

Trade for approval. Those must cover such areas as education and training, monitoring and disciplinary procedures.

cles and two licences were can-

company-owned outlets,

including 20 refurbished restaurants and five rebuilt ones.

Peat Marwick McLintock, Britain's largest accountancy firm, and the Institute of Chartered Accountants in England has already been roundly and Wales have called for a ban attacked by auditors and public companies, which claim that publication of this figure does would be threatened if they were norther than the figure does and the companies. not give shareholders greater partly owned by non-employees.

investigation work associated with flotations and acquisitions.

rather than advisory work.

Worldwide fees at Arthur

Andersen rose 20 per cent to \$2.32bn, while Peat's interna-

year to end-September, it in a financial year ending

ogy consultancy, increased its income in this area arose from

Peat Marwick's figures are the first to be published since its tional fees were up 16 per cent to merger with KMG Thomsom \$3.25bn.

Arthur Young, another of the eight big accountancy firms, also reported its international fee income yesterday. Turnover was

that income from corporations reported its international reported its international as a separate figure for the first income yesterday. Turnover was up by 23.5 per cent to \$1.7bn in the second of t

into TV access row

IBA steps

By Raymond Snoddy

ing Authority yesterday stepped into the increasingly acrimonious dispute between indepen-dent producers and the ITV companies over the terms of access of independent programme makers to the ITV network.

Mr John Whitney, director general of the IBA, convened a meeting for today with Mr David Shaw, director of the ITV Associ-ation, and Mr Michael Darlow, chairman of the Independent Access Steering Committee.
The IBA said it was calling the

meeting to find a way to break the deadlock in negotiations on implementing government policy that independent producers should gain access to 25 per cent of Britain's four national televi-PEAT MARWICK McLINTOCK, cialises in information technol- merchant banks: much of its

On Wednesday independent producers announced the formal breakdown of negotiations. Yesterday Mr Shaw made clear that, whether or not there was a com-prehensive agreement, "we will keep commissioning [pro-grammes] and we will keep mov-ing towards the Government's

The main issue between the two sides is that the independent

two sides is that the independent producers want a national framework to govern commercial relationships between the independent and all the 15 regional ITV companies.

The ITV Association insists equally vehemently that in a federal system each company must be free to negotiate its own business deals subject only to general guidelines.

Court of Appeal rules against Sealink

Management consultancy provided much of the growth at both firms. Andersen, which spepers between the consultancy provided much of the growth at both firms. Andersen, which specially a special consultancy provided much of the growth at the consultancy provided much of the growth at the consultancy provided much of the growth at the consultance provided much of the growth at the growth at

SEALINK UK yesterday lost its appeal against a High Court judgment ordering it to hand over a 50 per cent shareholding in a joint company operating ferry services to the Channel Islands.

Sealink's shares in the joint company, British Channel Island Ferries, were handed over to its partner, Channel Island Ferries, by its need to sign an agreement with Numast, the merchant navy officers' union, in order to end a damaging strike.

The Landover followed a High court ruling that Sealink had failed to provide two of its ships, or suitable alternative vessels. Sealink was no evidence that Sealink had attempted to provide alternative vessels. Sealink was for the joint service.

Sealink claimed that its failure to provide the ships was caused by its need to sign an agreement sign.

business deals subject only to general guidelines.

Yesterday Mr Shaw wrote to Mr Darlow saying the ITV companies were astounded at the action of the independents "in the middle of inevitably difficult and complicated negotiations."

Later at a press conference Mr Shaw said: "The degree of protection they are asking for runs completely counter to this Government's philosophy of opening up the market."

Porsches and yuppies: the truth

IT COULD have been an occasion for yappie-haters to gloat over. This week, in London's Whitechapel Road, where Jack the Ripper once stalked, Charles Follett (City) opened studies, space planning, architectural services, design and

stalked, Charles Follett (City) opened its new Forsche dealership.
What an irony it seemed. An emporium opening to sell expensive cars to the callow overpaid. . . at precisely the time they were lining City window ledges. The reality was different. It took five minutes of scanning grey hair, receding hair, no hair and thickening waists before even one perwaists before even one per-son looking remotely yap-pic-like could be found among the 150 customers. 28-year-old Bric Bramble did not fit the And as it turned out, even

not fit the supposed

archetype of a street-wise, money-broking urchin giv-ing his Porsche a burn-up on the way to burn-out. He certainly owned some \$50,000-worth of Porsche 9288, But, said Mr Bramble,

9388. But, said Mr Bramble, a Canadian from British Celumbia who is looking after his father's investment interests in London: "Frankly, I don't think any of what you hear about yeppies and their Porsches is true. I don't think they can afford it. It's that type that buys 3-Series BMWa."

Mr David Piggott, Follett's managing director, made no attempt to hide his impatience with the yuppie stories. The bulk of Follett's customers, he insisted, were serious businessmen of all types, drawn en of all types, drawn

not just from the City but from a wide swathe of Lon-

from a wide swathe of London.

"We were selling lots of cars before yupples were invented," he said. Well, how many? And was Follett selling fewer now than before Black Monday?

He refused to discuss numbers. "But we wouldn't have invested \$1m in these facilities if we thought' Porsche had a problem."

But surely, Forsche prices had shot up by about 25 percent in the past year, and even enthusiastic motoring magazines had started des-

magazines had started des-tribing Forsches as poor value for money?

"No one likes price increases," acknowledged Mr Piggott. "Everyone looks for value for manay a but

most of our customers know there are reasons for them."
He stuck to his guns.
No, there had been no sign of a sales downturn, nor were there any significant early warning signs of one early warning signs of one to come next year. Mr Peter Bulbeck, manag-

Mr Peter Bulbeck, managing director of Porsche Cars (Great Britain) since it became a wholly owned Porsche subsidiary this year, wandered up to present a slightly different picture for the UK as a whole. There was a new emphasis on higher-priced models, he pointed out. But is unit terms, total sales would drop from a record 3,700 in 1986 to about 2,900 this year.

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and perform at their best.

coached and armed with

ready-made phrases and masses of statistics. The Labour leader challenged Mrs Thatcher with the letter from the heads of

the three royal colleges -

Physicians, Surgeons, Obstetricians and Gynaecol-ogists - protesting at NHS shortages. In words that sounded as though they had

been carefully prepared at Labour HQ Dr Kinnock diag-nosed the Prime Minister's condition as "incurable

complacency as well as untreatable arrogance".

In reply Mrs Thatcher spewed out statistics like a

spewed out statistics like a berserk computer. Spending on the NHS, on family practitioners, capital spending on hospitals and the community service, heart bypass operations, kidney transplants – all up, up, up. No, Labour didn't like it, did they? That was why they would not listen.

These familiar Thatcher tactics were helped by the

tactics were helped by the occasional question from the Tory back benches which enabled the Prime

ject and dwell on the

strength of the British econ-omy: "It's good news for everyone in the country."

Surprisingly, with the approach of Christmas, the "scrooge" accusation was

not thrown across the Chamber at Mrs Thatcher.

But this deficiency was later made good during business questions when Lebour's David Winnick

suggested that a copy of Dickens' Christmas Carol

should be made available

for every member of the Cabinet.

The matter of the Test tour was raised in business

questions by Tory MP

Nicholas Winterton who called for a statement from

Colin Moynihan, the Sports

John Wakeham, the Leader of the House, assured him: "Whatever the

excuses there can be no excuse for floating the authority of judges, refer-ees or umpires." Presum-ably this will be some con-

A PLEA for tax relief on private health insurance was firmly rejected by Mrs Margaret Thatcher, the Prime Minister, at Question Time in the Commons

question rime in the Commons yesterday, during her angriest exchanges so far with Labour MPs over her stewardship of the National Health Service.

The Prime Minister had told Mr Neil Kinnock, the leader of the Opposition, that more was spent on health in some other countries than in the UK because of a greater element of because of a greater element of

private spending.

Mr George Riddick (C, Coine.
Valley) said demand for health
care was "never-ending". Private health spending in the UK was among the lowest in Western Europe, and the Government should grant tax relief on private health insurance.
Mrs Thatcher curtly refused

his request, and added: "It is more important to leave people to make their own decisions about what they do with their own money rather than increasing their needs for particular expenditure."

The NHS again dominated the that the NHS was treating more than the NHS was treat

Prime Minister's 15-minute Quesprime Minister's 15-minute Question Time session, and her share of an increasing gross
exchanges with Mr Kinnock national product. Mr Bernard
were particularly noisy and acrimonious. The Opposition leader vened several times to restore
accused her of incurable complacency as well as untreatable drowned out by Labour protests. arrogance" and quoted extenarrogance and quoted extensively from this week's critical report by the presidents of three try South East) accused the Prime Minister of repeating statistics "like a cracked record" ated Labour by sticking to her Children in the Midlands had





You might be able to buy your health and the health of your kids. Other families can't. Do you

Mr David Winnick (Lab, Walsall North) said young children, cancer and kidney patients were having to wait for hospital beds. "What evidence is there, if any, that the NHS is safe in your

Mrs Thatcher said her Govern-ment had increased from 4.8 per

including the preamble to the new party's constitution and the

examine in detail the draft con-stitution which will have been drawn up by party lawyers. It is expected the document will be published at the same time.

After consultation within both parties, the final version will go



Dave Nellist: 'children dying Margaret Thatcher: more Neil Kinnock: PM suffering from because of closed wards' spent privately elsewhere 'untreatable arrogance'

died because of ward closures cent to 5.5 per cent the proportion of gross national product spent on the NHS, at a time when GNP had been rising. A

think what they have written, they must be very thankful there is not a Labour Government in

Other countries are able to Todd, president of the Royal Coldevote more to health care serlege of Surgeons, as stating that vices since more is contributed health service managers were privately through private health telling surgeons to do less work insurance and from families' so as to belance the books".

Mrs Thatche: said 2,360,000 surviving each year.

Labour MPs moaned as she crisis?" went on to say that her Govern-ment had increased spending on GPs by 48 per cent in real terms, onhospital and community services 26 per cent and on capital by 42 per cent.

There had been more accident

Mr Kinnock described the lettion of gross national product spent on the NHS, at a time when GNP had been rising. A further £1.1bn would be spent next year.

Referring to the report by the presidents of the Royal Colleges and Obstetricians and Gynaecologists alleging a financial crisis in the NHS, she said: "If the doctors tion of gross national product for from the royal colleges as the first time that the product from the royal colleges as the president of the report by the presidents of the Royal College of Physicians, when he wrote: "We know we will be hit by all the statistics, NHS, she said: "If the doctors the royal college of Physicians, when he wrote: "We know we will be hit by all the statistics, NHS, she said: "If the doctors the royal colleges as the royal colleges as the sevidence of complacency and arrogance. Her "litany of figures" had been anticipated by Sir Raymond Hoffenberg, president of the Royal College of Physicians, when he wrote: "We know we will be hit by all the statistics, NHS, she said: "If the doctors by the president of the royal colleges as evidence of complacency and arrogance. Her "litany of figures" had been anticipated by Sir Raymond Hoffenberg, president of the Royal College of Physicians, when he wrote: "We know we will be hit by all the statistics, NHS, she said: "If the doctors by the royal colleges as the royal colleges as the royal colleges as evidence of complacency and arrogance. Her "litany of figures" had been anticipated by Sir Raymond Hoffenberg, president of the Royal College of Physicians, when he wrote: "We know we will be hit by all the statistics, NHS, she said: "If the doctors by the royal colleges of complacency and arrogance. Her "litany of figures" had been anticipated by Sir Raymond Hoffenberg, president of the Royal College of Physicians, when he wrote: "We know we will be hit by all the statistics, when he wrote: "We know we will be hit by all the statistics, when he wrote: "We know we will be hit by all the statistics, when he wrote: "We know we will be hit by all the statistics, spending less on our health service than any developed Euro-pean country.

Cheered on by Labour MPs. Mr perations were being performed Kinnock asked the Prime Minisin the NHS every year, and ter: "When the presidents are about 6.5m in-patients and 38m saying that patient care is deter-iorating, acute hospital services have almost reached breaking countying each user." point, and morale is depressingly low, don't you think that is a

Almost shouting above the ris-ing noise in the Chamber, he said: "Don't you recognise your responsibility for setting lives against sums? What are you going to do about it?"

There had been more actually and emergency cases, heart bypass operations, hip replacements, cataract operations, bone marrow and kidney transplants, cervical smear tests and renai failure treatments.

• In a letter to a group of consultants specialising in pediatrics, Mrs Thatcher welcomes this week's agreement between NHS unions and management on a new structure for nurses' pay.

"I hope this will pave the way for us to build further on the large increase which has already taken place in the number of nurses qualified in intensive care, including paediatric inten-sive care," says the letter, released by Downing Street last

night, The 11 consultants, from all parts of England, wrote to the Prime Minister two weeks ago urging her intervention to allow better pay for intensive care

Tories 'ganging up on Young' over BA bid

Mornant lebox, the former con-servative Party chairman, and Mr Paul Channon, the Transport Secretary, of "ganging up" against Lord Young, the Trade and Industry Secretary in favour of the British Airways bid for British Caledonian new party's constitution and the mechanism for amending the constitution.

The joint negotiating committee will meet next Tuesday to examine in detail the draft constitution which will have been drawn up by party lawyers. It is British Caledonian.

In a joint statement, Mr Bryan Gould, the shadow Trade and Industry Secretary, and Mr Robert Hughes, the Transport Secretary, said Mr Tebbit "seems to have more clout than lord. ground-launched intermediate Mr Gerald Kaufman, shadow Foreign Secretary, played the leading role in ridiculing claims have more clout than Lord made by Mrs Margaret Young and is using it shame— Thatcher, the Prime Minister, lessly on behalf of Lord King that the Government's decision (the BA chairman) — a long-time that Britain should be the first friend of the Conservative

country in Europe to have US cruise missiles based on its soil Mr Tebbit "whose antipathy to Lord Young is well known" and Mr Channon, "demoted from the had greatly influenced the Soviet. Union's action in signing the

LABOUR last night accused Mr Posed SAS stake in BCal was less Norman Tebbit, the former Conservative Party chairman, and passed into foreign control

"Knowing the right people in the Government seems to count for more than any rational pol-icy framework – the Govern-ment has laid itself open to charges of cronyism in its deal-

acting to preserve up to 9,000 jobs threatened by redundancy, to preserve competition among domestic airlines and to allow the workforce to take a stake in the enterprise in which they

In the Commons, Mr David Steel, the Liberal leader, demanded an assurance that there would be 'no ministerial interference with the Civil Avia-

since its privatisation.

ing with private companies.

The Government should be

Meanwhile the battle over the NHS - which makes a

Authority of the Commons umpire is put at issue comparison — continued unabated. Both captains had come on the pitch well-

member for Carrick, Cum-nock and Doon Valley, used to be one of the most unin-hibited members of his party's Rowdy Tendency. Despite his seat on the rear benches his voice could always he heard above the uproar hurling the well-timed insult at the Prime Minister or one of

her colleagues. However, since becoming However, since becoming a Labour frontbench spokesman on foreign affairs, George has gone upmarket and has presumably decided that a more dignified approach is more in keeping with his new position.

But yesterday – for one brief moment – the old George broke loose again during Prime Minister's

during Prime Minister's questions. Only this time he made the mistake of direct-ing his remarks at the Speaker, Bernard Weather-

Neil Kinnock, the Labour leader, had been maintaining Labour's remorseless and carefully co-ordinated campaign to depict Mrs Thatcher as the heartless skirling the in preciding skinflint who is presiding over the collapse of the National Health Service.

In reply, the Prime Minis-ter adopted her usual tactic of pouring out a mass of statistics intended to show that her Government was inundating the NHS with gold and was being far more generous than incompetent Labour administrations before 1979.

The Speaker had just called for order so that the Prime Minister's replies could be audible when a voice from the Labour side shouted at him: "You are

like a Pakistani umpire!"
Cries of shocked indignation went up from the Tory benches and there were demands that the culprit should be sought out and dealt with. "Name him," they cried.

Far worse insults have been thrown across the floor of the House. In fact a little earlier one anony-mous Labourite had sug-gested that Mrs Thatcher should have a transplant operation and given a real heart. But this time the authority of the Speaker was being called in ques-

Foulkes sat in sheepish silence as all eyes turned on him. Then, without so much as a request from the Speaker, he rose and announced that he with-drew the remark.

he had gone too far on this occasion, particularly as Mr Weatherill had been a war-time officer in the Indian Army.

JOHN HUNT

solation to the Speaker in his difficult task. Test series seem short by "Mon cher Delamain, if your cognac's matured



Pale & Dry Grande Champagne Cognac matured COGNAC

for a generation by the ancient Delamain family of Jarnac. Pour les connoisseurs, oui. Pour les

touristes, non.

Anger over Negotiators agree package for **INF** treaty creation of new Alliance party accusation BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

LIBERAL and Social Democratic

Party negotiators last night tied up the remaining elements of a package to create a new political party, which they have agreed will be popularly known as the

Alliance.

The party, which is back on schedule to be launched in March if the merger package wins approval from Liberal and SDP members, will be formally entitled the New Liberal and Social Democratic Party.

Mr David Steel, the Liberal leader, last night declared himslef "delighted" with the agreement in principle. Mr Robert Maclennan, the SDP leader, said the negotiators had gone through the negotiators had gone through two arduous months but had produced a constitution which

incorporated the best elements of both party constitutions.

After further long discussions, which continued to the limits of the agreed negotiating timetable; both sides decided that, despite its identification with the politi-cal partnership that falled at the

last general election, the Alliance label was the most acceptable of

MONDAY: Private members'

Board and charges for eyesight and dental checks. The Local

Government Bill, remaining

motions, including unemploy-ment, the Peak Park Planning

TUESDAY: Local Government Bill, completion of remaining stages. Motions on Welsh rate support grantreports.

WEDNESDAY: Local Government Finance Bill, second reading.

MONDAY: Merchant Shipping-Bill, report. Copyright, Designs and Patents Bill, committee. Orders on keeping mink and coypu. Medicines (Exemptions from Licences) Order.

TUESDAY: Local Government Finance Bill, completion of second reading. Air Navigation (Noise Certification) Order. Swanage Yacht Haven Bill, third

THE COMMONS is next week the National Audit Office, which

expected to endorse the appoint-monitors expenditure by government of Mr John Bryant Bourn ment departments.

reluctant to sacrifice the local gains from this image of co-oper-

ment motions.

The House rises for the Christmas recess, returning on January

LORDS

MoD official to head Audit Office

to the two special conferences, called for the end of January to decide whether the merger package should go to a ballot. It is recognised that the deal might not be unanimous and opponents could include some of the negoti-

FRIDAY: Christmas adjourn-ment motions. reading. Short debate on strate-gic arms reductions.

new INF treaty.

Ine Owenie, and merger taction of the SDP last night appeared to lay immediate claim to the SDP name. Mr John Cartwright, MP for Woolwich and a supporter of Dr Owen, congretulated the negotiators on overcoming the obstacles faced in creating what he called the Alliance Party.

There would, he said, be a merged Alliance party and a Societ Democratic Democr The Owenite, anti-merger fac-tion of the SDP last night Robert Maclennan: 'two ardu-

all the names considered.

This is partly because Liberal and Social Democrat councillors on local authorities have taken to calling themselves Alliance taken to realing themselves Alliance taken to realing themselves Alliance the remaining substantive issues of the remaining substantive issues on joining the new Alliance party and a warnings on Wednesday from Mr Social Democratic Party. All SDP members would be able to calling themselves Alliance party and a warnings on Wednesday from Mr Social Democratic Party. All SDP members would be able to calling themselves Alliance party and a warnings on Wednesday from Mr Social Democratic Party and a warnings on We groups and the party leaders are were cleared up yesterday, ance party. Parliamentary business next week

WEDNESDAY: Short debates on the European Court of Human

Rural Development Bill, report. Two orders on parliamentary

constituency changes. Sex Dis-crimination (Amendment) Order.

Bill. committee.

the third reading of the bill which paves the way for representatives of the Soviet Union to check on the check on the removal of the cruise missiles from the Green-ham Common and Molesworth bases, rejected the Labour

public would pay more heed to. the views of Mr Mikail Gorbachev, who had acknowledged Britain's contribution to the process which led to the INF treaty, than to Labour spokesmen. Rights, and on regional economic prospects. Land Registration Bill, committee. Landlord and Tenant Bill, second reading. Sunday Sports Bill, third reading.

THURSDAY: Farm Land and

The Arms Control and Disarmament (Privileges and Immunities) Bill was given an unopposed third reading. It now goes to the House of Lords.

PM steers clear of Britoil call

Copyright, Designs and Patents The House rises for the Christmas recess, returning on January

Solution suggested for stalemate on committee hases, rejected the Labour AN UNPRECEDENTED proposal been expected that all five Tories harges. He insisted that the British stituencies serving on the select with four from Labour and one

committee on Scottish affairs is Liberal - to the fury of the SNP, likely to be accepted by MPs and the great disappointment of soon after they return from the Christmas recess on January 11.

Mr John Wakeham, the Leader of the House, had been trol.

widely expected to announce vesterday that the formation of side North) and Mr Nicholas the committee would be debated Fairbairn (Perth and Kinross) next Wednesday, but he told refused to join the committee, MPs at Question Time: 'Follow- and the resulting wrangles have ing discussions through the left the Scottish Office as the ing discussions through the left the Scottish Office as the usual channels, it would be for only Government department the convenience of members if not subjective was a period for consideration of the report from the Committee of Selection."

Neil Ki

MRS MARGARET THATCHER, the Prime Minister, yesterday rejected a call to intervene in the purchase by BP of a stake in questioning, but it is understood that Labour has reluctantly the need for representa-

which is made by Mrs Thatcher.

Mr Bourn is currently a deputy secretary at the Ministry of Defence, where he has been responsible since 1985 for the development of defence procurement policy under Mr Peter Levene.

Britoil.

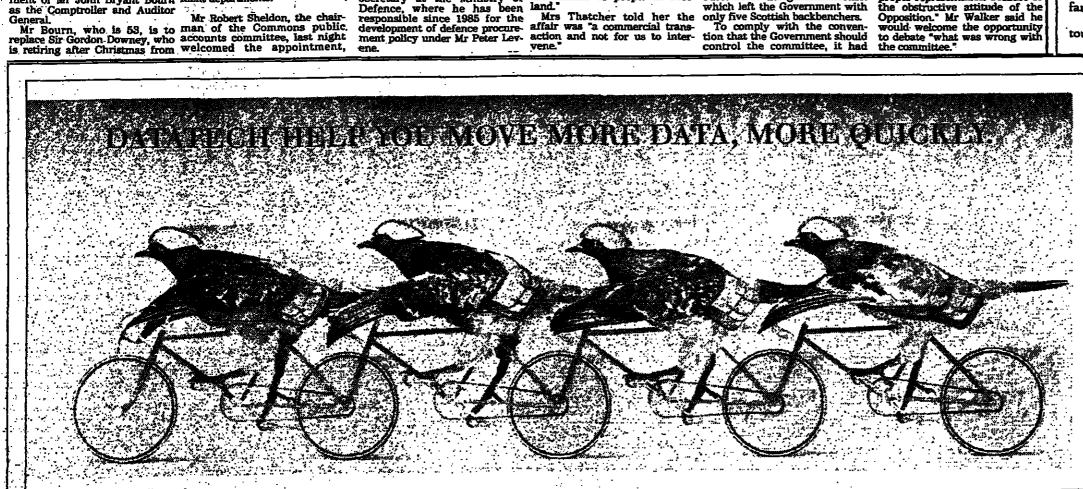
Mrs Margaret Ewing (SNP, accepted the need for representation from England if the committee is to be able to function. The setting up of the committee has been bedevilled by the outcome of the general election which left the Government with only five Scottish backbenchers.

To comply with the convention that the Government should control the committee, it had

not subject to select committee

In the Commons yesterday, Mr Neil Kinnock, the Labour leader, said it was "quite sensible to allow a short period for reflec-Mr Wakeham declined an invi-

tation from Mr Eric Forth (C, Mid Worcestershire) to blame Labour for the delay. Mr Forth said he was "concerned that the Scottish people are being denied and the said he was to be being denied to be the said he was to be the said of the said he was to be the said proper representation because of the obstructive attitude of the Opposition." Mr Walker said he would welcome the opportunity to debate "what was wrong with the committee."



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CBI/FT DISTRIBUTIVE TRADES SURVEY BY RALPH ATKINS

Drugs industry hits at academic research cuts

The plight of the universities is worrying Glaxo, Britain's big-

LEADERS of Britain's pharma- the British Pharma Group, centicals industry, one of the which represents Britain's six country's most successful in biggest research-based pharmaterms of technological innovaceuticals companies, said: "The tion, have criticised government cuts in academic research, which been a success story. But I am they say threaten the sector's concerned that in 20 years' time the academic research.

future prosperity.

The attack from the industry,
which this year expects to spend
about £650m of its own cash on
research and development roughly a sixth of total sales research and development -roughly a sixth of total sales -will intensify the research intensify the research

spending debate. is worrying Glaxo, Britain's big-In the past two years, the Gov-ernment has faced complaints to increase its 2,500 UK-based ernment has faced complaints to increase its 2,500 UK-based from academic scientists about research staff by 400 over the shortages of funds but only minimal criticism from business representatives. The UK pharmacuticals industry employs about said Britain had to be selective 15,000 research and development staff and is among Britain's biggest employers of scientists.

Dr John Griffin, director of the tutions would create problems in Association of the British Pharmacutical Industry, described from science.

Dr John Griffin, director of the Association of the British Pharmaceutical Industry, described the shortage of funds for university research, particularly in areas such as medicine and biology, as "very worrying". A key problem was ensuring there would be enough highly skilled graduates to form the industry's future employees.

Mr Peter Cunliffe, chairman of trate on basic science.

future employees.

Mr Peter Cunliffe, chairman of trate on basic science.

Komatsu of Japan to study US engine deal

KOMATSU, the earth-mov-

KOMATSU, the earth-moving equipment maker, is discussing with Cummins, the US diesel engine builder, the possibility of using its engines for the machines produced by the Japanese company in the UK.

The deal would involve Company and appropriate granting engine.

Cummins supplying engines from its plant at Darlington near Middlesbrough to

near Middlesbrough to Komatsu's production site at Birtley, 30 miles away. The talks, held in Tokyo as well as in the UK, repre-sent a shift in the position of Komatsu which began producing hydrantic excava-tors and wheeled loaders at Rivtley last year. Birtley last year.
The Japanese company has always indicated that engines would be the last component it would con-

sider sourcing in Europe. Komatsu's Birtley plant is the subject at the moment of an EC investigation over its claim to be using 60 per cent local content. The com-pany claims it can prove it is meeting that target.

It has a commitment to raise that to 80 per cent and is facing the continuing problem of the strong yea.

Recent boardroom changes may have contributed to a

change in policy.

Retailers see sales growth start to falter

HIGH STREET sales in November were below retailers' expectations and suggest that recent rapid growth in retail sales may be faltering.

The Confederation of British Industry/Financial Times distributive trades survey published yesterday shows that retail sales reclumes remained burgant last

volumes remained buoyant last month but the expected quicken-ing in growth did not materi-

alise.
Retailers are confident of faster growth in the run-up to Christmas. Of 256 retailers questioned, 65 per cent expect December's sales to be higher than the same month last year, and 8 per cent forecast a lower level.

However the survey has con-

However, the survey has consistently shown retailers' expec-tations being frustrated. Of the 11 surveys this year, reported increases in sales have been below forecasts on nine occa-

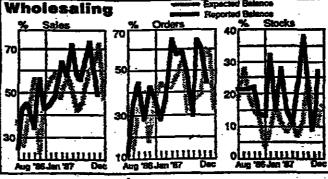
sions.

Mr Whittaker, chairman of the survey panel, said the CBI had spoken to participants about the bias, but he said it presented no statistical problems. *Our view is *het votailers. by nature, are optithat retailers, by nature, are opti-mistic people," he said.

"We believe there has been a steadying in the rate of growth which has not been mirrored in the stated expectations of retailers contributing to the survey." For November, 34 per cent of retailers said sales were good for the time of year. But 18 per cent said levels were poor.

The balance of retailers report-

The balance of retailers report-ing an increase in sales, minus



those reporting a fall, was +40 per cent. That compares with balances of +42 per cent in both October and September.

Confectionery, tobacco and newspaper shops, off-licences and grocers reported the best increases in sales in November. Grocers, tobacco and newspaper shops and retailers of durable household goods were most positive about sales in December.

Orders placed by retailers in November grew slightly faster than expected. Stocks built up as forecast but are predicted to run down a little this month.

down a little this month.

The survey shows a rise in

import penetration in November, with a balance of +11 per cent reporting that imports formed a larger proportion of deliveries from suppliers than a year before. That compares with a balance of +4 per cent when the question was last asked in August

Retailers expect to authorise

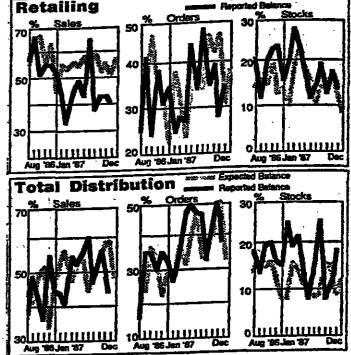
more capital expenditure in the next 12 months than in the past 12 months. However, the balance expecting increased investment fell from +28 per cent in Angust to +7 per cent in November.

Employment in retailing in November grew considerably ahead of expectations. A balance of +44 per cent said employment levels were higher than November 1986, compared with +36 per cent in August.
For wholesalers, November's

sales volumes were also disap-pointing. Although a balance of +72 per cent had expected sales to rise last month, a balance of only 449 per cent reported rises. In October a balance of +62 per cent reported increases.

However, a balance of +62 per cent of wholesalers said November's sales were good for the time of year. That is the highest balance close the surrect because

balance since the survey began Wholesalers were reasonably



optimistic about December. A than in October. Contrary to

balance of +48 per cent expect sales to rise and a balance of +45 per cent expect sales to be good for the time of year.

Food, drink and durable household goods wholesalers reported the best sales increase in November. Along with wholesalers of electrical installation material, those sectors were most optimistic about December.

Orders placed by wholesalers reporting employment rose sharply with a balance of +33 per cent reporting employment higher than the same month last year.

Public 'optimistic' despite stock crash

BRITISH CONSUMERS remain ber. But the proportion that clasoptimistic about the future in sified the business climate as spite of the stock market collapse, according to a survey among the public carried out by two research companies.

The Conference Board of the US, working with Britain's AGB Board said, and in recent months the continuists had extrapreted.

incomes to rise.

Overall opinion, measured on the UK Consumer Confidence Index, registered 123.7 in November, only marginally down on the October reading of 125.5 (January, 1986–100).

The index in November last year was barely above the 100 mark. "People continue to be a good deal more optimistic, both in their assessment of ongoing conditions and in their expectations for the immediate future," the Conference Board reports.

The index in November last year was barely above the 100 more than a year - were concerned that their earnings would fall. The October figure was only 7.5 per cent.

Confidence appears to be higher their expectations for the immediate future, the Conference Board reports.

Group reports that an increasing the optimists had outnumbered proportion expects personal the pessimists by a fairly good incomes to rise.

Fewer respondents felt that are highest in the West Midlands, business conditions were "good" Yorkshire and Wales. Confidence in November: 28.5 per cent compared with 32 per cent in Octo-and the south-east.

Call for new Heathrow commuter flight runway

cater for commuter-type air traf-fic into the next century, accord-ing to the Air Transport Users' upon which air services depend

ing to the Air Transport Users' Committee.

In its annual report, the committee, which advises the Civil Aviation Authority on consumer interests in civil air transport, emphasises that Heathrow and Gatwick airports are now full, and even though Stansted will become available in the early 1990s, it will draw on its own catchment area and is not likely to be a solution to the main to be a solution to the main problem of additional runway

capacity in the south east.
The AUC has consistently pointed to the growing shortage of capacity both in the air and on the ground, that threatens the growth of a successful UK aviation industry," says committee chairman, Mr John Cox.

A THIRD runway should be built dented pressure. Runway space at London's Heathrow Airport to at Heathrow and Gatwick is very

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vice destinations overseas, Britain has only one main inter-national airport, Heathrow, and will probably never have

"Further, for small regional airports, a connecting service via Heathrow is the principal way that access can be secured to any destination, except a handful of nearby continental destinations."

chairman, Mr John Cox.

This year our warnings have proved to be well founded. Flow to encourage the development of regional airports to serve other the air lanes over south-east than local needs, it says there is than local needs, it says there is no hope of a solution to the system has come under unprece-

Councils' house search delays 'unacceptable' BY A. H. HERMANN, LEGAL CORRESPONDENT

THE LAW COMMISSION, the Government's law reform body, today criticises 'unacceptable local authority delays' as a cause of slow house conveyancing and suggests that penalties could be imposed on councils.

During a house purchase, inquiries have to be made of councils on topics such as planning, road maintenance, tree preservation and draimage.

The commission's conveyancing standing committee says that in some cases it has become impossible to obtain the information from councils within a reasonable time it suggests that 10 working days would be a satisfactory maximum, but delays of up to 20 weeks have been recorded this year.

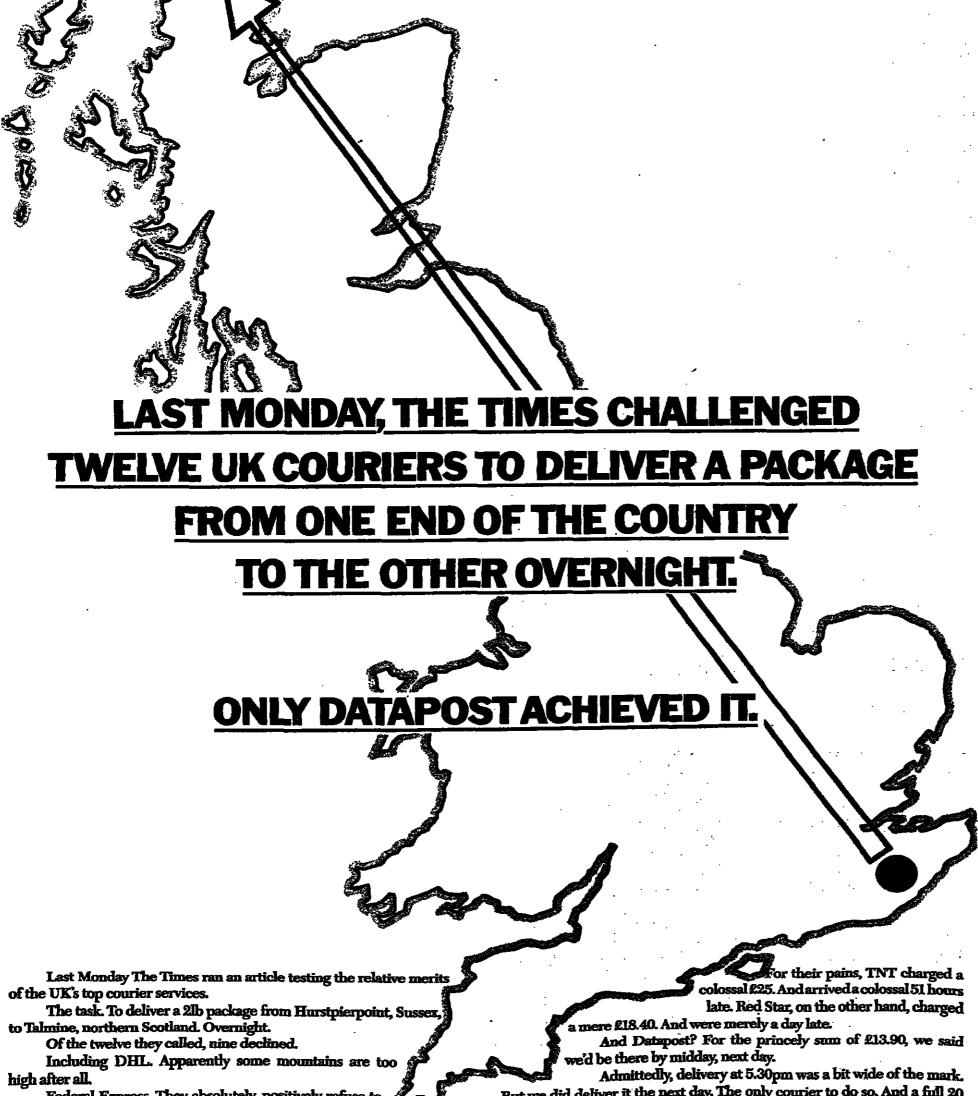
The Local Authority Ombudsman this year upheld complaints of meladministration against the London boroughs of Lambeth and Hackiney because of delays in replying to inquiries.

The committee says computerisation to alleviate the delays would take five years to become effective, which is too long to wait. In a consultation paper, it Low Commission, Conquest House prices and the conding Committee, which is too long to wait. In a consultation paper, it Low Commission, Conquest House, 37/38 John Street, Theobalton and the continuency of their offices.

Penalising authorities that delays to encourage an energetic reorganisation of their offices.

Sellers, rather than buyers, to be encouraged to make inquiries so that the search process starts of some caused to make inquiries so that the search process starts of some caused to make inquiries so that the search process starts of some caused to make inquiries so that the search process starts of some caused to make inquiries so that the search process starts of some caused to make inquiries so that the search process starts of some caused to make inquiries so that the search process starts of some caused to make inquiries so that the search process starts of some caused to make inquiries so that the search process starts of some caused to make inquiries.

Abolishing authority in encourage an energetic delay to give guarantees so that buyers woul



Federal Express. They absolutely, positively refuse to handle packages for private individuals.

And Securicor. No ifs, buts or maybes from them. They definitely weren't going.

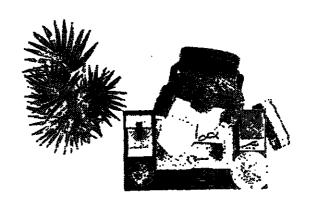
And what of the three who went? TNT. Red Star. And Datapost.

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elf this.
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FINANCIAL TIMES



Behind the picture postcard image of Westminster is a bustling but disparate community where

180,000 residents, big businesses, world-famous shops and tourists mingle. David Lawson looks at problems arising from conflicting demands on finite resources

London's city of paradox

POPULAR capitalism and Big Bang publicity have helped widen even further the use of "The City" as a label for the of the tightest conservation finance factories clustered regimes in the UK to safeguard around the Bank of England and more than 10,000 protected Stock Exchange. Yet London has buildings. Almost three quarters another city, Westminster, which can claim greater political power, more office space and an even higher public profile.

Tourism and retailing provide millions of pounds in rate income and thousands of the city is covered by conservation areas.

are not the real city either. That a population the size of a sublies behind the picture postcard stantial provincial town. Whichimages: a community of more than 180,000 residents, a workforce of more than 500,000, and one of the biggest business centres in the world.

The local chamber of commerce, for instance, has just submitted a fat report called Westmitted a fat report called Westtres in the world.

area with the same problems as any other. It has 15,000 homeless families, 10,000 people waiting for council homes and a large immigrant population.
Paradoxically, it is also the

richest local authority area in the UK. But this is a city of paradox: obvious wealth blossoms in Mayfair, Belgravia and St John's Wood, yet the Mozart council estate in nearby Pad-dington had to be remodelled to deter muggers and vandals.

westminster represents the real face of London to the man in the street, whether in Bolton, Balticase they disturb local residents. City councillors can expect few thanks in an endless battle to millions of pounds in rate income and thousands of jobs, street, whether in Bolton, Baltimore or Brisbane. It is Big Ben
City councillors can expect few
and the Houses of Parliament, thanks in an endless battle to
Buckingham Palace and Hyde resolve some of the conflicts
Park, Oxford Street and Piccainherent in an inherentional dilly Circus. But these landmarks business centre superimposed on are not the real city either. That a population the size of a sub-

The local chamber of countermerce, for instance, has just submitted a fat report called Westminster Business 2000 organised by Mr Bob Kennings seconded from NatWest Bank, which boils down to a complaint that the objects to a poll tax based on a dice are loaded too heavily in favour of residents and conservation.

The local chamber of countermerce, for instance, has just submitted a fat report called Westminster Business 2000 organised from \$547,000 to \$717,000. Some by Mr Bob Kennings seconded from NatWest Bank, which boils go broke. The council also objects to a poll tax based on a population of 450,000 (including favour of residents and conservation.

The local chamber of countermerce, for instance, has just submitted a fat report called Westminster Business 2000 organised from \$547,000 to \$717,000. Some by Mr Bob Kennings seconded go broke. The council also objects to a poll tax based on a population of 450,000 (including people in hostels and services). It wants a special dispensation along similar lines to the City of a wider package of changes which it says are being driven out of the area by poor



officials.

form business rates are imposed in 1990, the business community can no longer claim the special voice it says it deserves for contributing more than 80 per cent of Westminster's current \$550m annual rate income.

annual rate income. Ironically, the strongly Thatcherite council has turned on political allies in the Government to fight the rates reform. Mr Rodney Brooke, Westminster chief executive, points out that the new system, combined with a long overdue revaluation, could

says Mr Derek Allen, the chamber's chief executive. "Westminster has been prosperous for so many years that we could become complacent instead of facing dangers such as the competition from out of town shop-

ping centres and the impact of the new rating system. has also thrown itself whole-the new rating system. heartedly into Mrs Thatcher's Perhaps this was a good time to raise complaints. Once uniment more efficient, underspending by 5 per cent this year and planning to tender out a bat-tery of services like refuse collec-tion. It has even imposed performance related pay on its top

> Westminster might also be due a favour for the way it has rid-den through fire and brimstone to pioneer the Government's education and housing revolu-tion. The council has jumped quickly to propose pulling out its 50 schools from the Inner London Education Authority on the premise that educational stan-

dards are too low.

It has often been a thorn in the side of the Labour-controlled ILEA, but Mr Weeks insists this

This led to Westminster's "stable communities" policy, which includes selling up to
9,500 of its 22,000 council flats to
social services, pushed up
local residents and markets are local residents and workers and cracking down on holiday letting

which normally fall vacant each year will be put on the market to priority groups with strong local

Passions have run high in opposition to the proposed sales. Labour councillors were among those arrested after a housing committee was disrupted by pro-testors. Nor did it help cool matters when the council proposed to ship out 15 homeless families to prefabs on a patch of redun-dant land, owned by the Central Electricity Generating Board, in east London.

Another part of the "stable communities" approach is to reduce the burden of 2,000 homeless families in the city. Mr Brooke says 75 per cent of these have been dumped in the area lors to solve at least one of the by other boroughs because West-conflicts that dog their every

something like half the number

This had created a burden or social services, pushed up local unemployment figures and des-Home ownership is much the pupils were "transitory". This as foreign buyers price out locals and lettings eat away the remaining stock. This squeezes out the very people Mr Weeks says are necessary to maintain a vital city." So the 5 per cent of certain designated blocks of flats which normally fall vacant each very will be a school, 90 per cent of bomb damaged businesses. After the pupils were "transitory". This bomb damaged businesses. After the pupils were "transitory". This squeezes by objecting to a redundant Mid-the last of these are now running out and the city council wants homeless.

In any case, anyone we aim to homes.

It is passionate about plugging the drain of the ease the plight of bomb damaged businesses. After the war, "temporary" office permits were granted to ease the shortage of business space. But the last of these are now running out and the city council wants homeless.

In any case, anyone we aim to home.

It is passionate about plugging the drain of the war, temporary office permits were granted to ease the bomb damaged businesses. After the pupils were "transitory". This the war, temporary office permits were granted to ease the bomb damaged businesses. After the pupils were "transitory". This squeezes have any objecting to a redundant Mid-the last of these are now running out and the city council wants homeless.

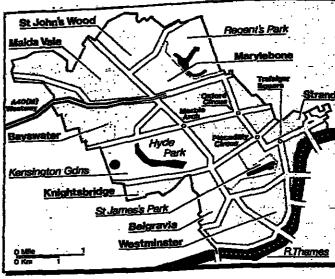
In any case, anyone we aim to home.

It is passionate about plugging the damaged businesses. After the war, "temporary" office permits were granted to ease the bomb damaged businesses. After the war, "temporary" office permits were granted to ease the bomb damaged businesses. After the war, temporary office permits were granted to ease the war, temporary office permits were granted to ease the shortage of business space. But the blocks converted box the last of these are now running out and the city council wants the last of these are now running out and the city council wants and the city council wants are converted for use by the shortage of business space. But the blocks co

clash is the chief dilemma. ness community is equally pas-Rather than turn away business, sionate about protecting small however, the planners are trying firms now using the buildings.

It would be a typically public way for Westminster's councillors to solve at least one of the

Financial Times Friday December 11 1987



Battle of Mayfair

Right balance is difficult to find

ALMOST HALF a century after the final all clear sounded over Westminster, the implications of future. the Second World War are still being fought in the city. The bat-tleground is small, involving only a few hundred elegant buildings in the heart of Mayfair. But the passions and the prizes are big enough to have locked tenants and property owners in a lasting alliance against local planners and residents groups. The buildings changed from homes to offices by wartime req-

"In any case, anyone we aim to move out would not be those with strong Westminster connections," added Mr Weeks.

Everyone seems to demand a since the war: Residents also fear bigger slice of this city: the the creation of a ghost town, homeless, tourists and shorners dominated by affices and deed homeless, tourists and shoppers, dominated by offices and dead But the business versus residents, after working hours. The busi-

however, the planners are trying to ease developers out of the congested centre to revitalise places like Paddington Goods Yard.

"It would be nice to be able to drive into the city along the Westway and the first thing you see is a symbol of the buoyancy of the economy under Mrs Thatcher's Government," enthuses Mr Weeks.

It would be a tynically public if the South of the South and cost 4,000 jobs at a time when small office suites are becoming much rarer and prohibitively expensive to rent. But close to twice this number of businesses were found to be threatened when agents Fuller Peiser explored the impact of the changes. The wast majority

The Grosvenor Estate, which

BU

The Grosvenor Estate, which owns many of the buildings, says it supports the idea of balance between homes and offices a large part of its holdings are residential. But it argues that residential floorspace has increased by almost 300,000 sq ft in Mayfair over the last 20 years, while less than 100,000 sq ft of offices have been created. Planners seem slightly impatient with the made for so long over the possi-ble loss of less than one per cent of the city's office space. Nor do they accept that all the buildings will revert. "We take into consideration whether it is physically interiors back to homes and whether this is financially viable," says Mr Sydney Sporle, Westminster's acting planning director. More than a third of the first batch of permits which expired in 1973 were kept as offices and not all the displaced companies left the city. Two thirds of the final tranche so far considered will remain in complete or partial business use, he says. This seems to cut little ice with the opposition, however. The need for individual apprais-als of each building means that more than 70 decisions still have to be made in the next three years. Fuller Peiser is not convinced there is enough time, and points out that tenants are living meanwhile under a cloud of uncertainty. It seems that Westminster has some time to go before it can finally declare the end of a war that has disap-peared into the history books





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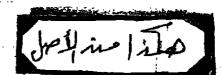
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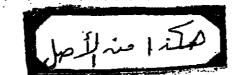


City of Westminster

The Living City in the Heart of London







Business Community

Bursting at the seams

hardly discernable from neigh-bouring blocks of flats, or tucked above elegant stores and brassy boutiques is an office centre on a par with world centres like Man-hattan and Tokyo.

ţ.

The glass-towered City of London seems to epitomise the business heart of the UK. Yet the West End boasts half as much office space again - almost 90m sq ft and most of this is on West-minster. Most than a smith of the second minster. More than a quarter of all the floorspace in the city is taken up by offices. Not every-thing is crammed into old build-ings, as views down the glass canyon of Victoria Street power-

But a large slice of the 500,000 or more workers who pour into the area each day disappear into the historic depths of Mayfair, St James's and Covent Garden, often beavering away check by jowl with residents. This has contributed to one of the great dilemmas facing Westminster.

The business community is the property of the community is the contributed to the community is the contributed to the contributed bursting at the seams as it des-perately tries to find more space within the constraints of conser-

The whole West End went The whole West End went fessional groups at rents well through a histus in the early over \$40 a sq ft. 1980s as the national economy dipped and new buildings in areas like Victoria stood empty. But in the last three years the economy has soured again, pushing up rents and starting a new

rush to build.

Demand for office space has more than doubled, increased confidence spurred many of the thousands of small companies based in the city to expand. Meanwhile, financial institutions unable to find space in the City the Westminster office commu-of London since the Big Bang nity will continue to strain for have spilled into the West End.

Salomon Brothers led the Agents Richard Ellis found harge into the West End when

it took space over Victoria Sta-tion, closely followed by a hoard of names like Manufacturers Hanover, Credit Suisse and First Bank of Boston. On a lower level, NatWest bank is typical in mov-ing its regional office from the City of London to Curzon Street this blossoming business commu-

in the second

0.000

Rent levels shot up by more

WESTMINSTER IS a business than a third in Mayfair last year centre half hidden by disguise, as businesses fought each other Behind Edwardian facades when spare space came on the when spare space came on the market. It now costs more than \$40 for each square foot of office-space there. Even Victoria, so long in the doldrums, has seen

rents on new space boom to nore than \$30 a sq ft. New buildings are beginning to come out of the ground; some 23m sq ft is under way and the same amount has yet to start as the planners relax their iron grip on development. The question is whether this is in the right place

and enough to go around.

The local chamber of commerce in its Westminster 2000 report points out that small Mayfair tenants want to stay in small buildings, not shunt into tower blocks. But there is little chance of much new development in areas where history has to take

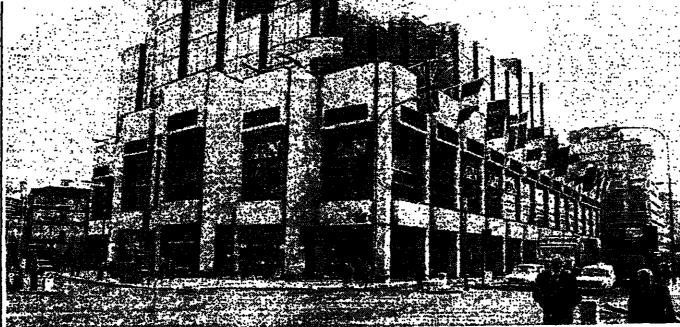
areas where history has to take preference over economics.
Only a quarter of Westminster's new office space is being developed in Mayfair and St. lames's, and a good sing of that comes from Legal & General's 200,000 sq ft Lansdowne House on Berkeley Square. For all the planners' determination to ensure that small tenants are planners' determination to ensure that small tenants are catered for in big schemes, this is vation and the conflicting almost inevitably destined for demands of residents. one of the big financial or pro-

Other giant developments like Greycoat's schemes over Victoria and Charing Cross stations show the new confidence in Westminster. But they could be swal-lowed by big financial groups as

The stock market crash ma yet cast a shadow over these incursions. But the underlying strength of the economy wil ensure that the traditional ser-vice which makes up the bulk of

Agents Richard Ellis found that a fifth of the businesses that had taken new space last year wanted more. Pentup demand exceeds potential supply by more than 1 million sq ft over the next couple of years - a sure formula for rising rents and extra headaches for planners try-ing to fit quarts into pint pots. One solution being considered by the council is to siphon off development from the tradi-

tional central business zone.



Stores and offices give Victoria Street a canyon-like app

Tourism is a multi-billion pound industry

Catering for 70,000 a day

TELEVISION MAY have broadened the world's view of the real Britain over the last decade, but in the eyes of the average Ameri-can, Japanese or Italian, London stretches little further than the boundaries of Westminster. That seems quite understandable considering that most of the sites they associate with the country are within the city: Big Ben, Buckingham Palace, Westmin-ster Abbey, Trafalgar Square and

Piccadilly Circus.
Even when they visit the UK, the image may be barely dented, as these are all the most popular attractions. Only the Tower is a more powerful countermagnet in London. Apart from this excursion, many overseas visitors hardly seem to stray outside the city, as they also tend to stay at hotels in Westminster.

ping visits may take tourists only as far as Oxford Street and Covariant far Carnaby Street

flict with the needs of resources flict with the needs of resources as far as Oxford Street and Covariant flict with the needs of resources flict with total number in London. Shopent Garden (or Carnaby Street Planners insist that they are had not allowed a new hotel according for the Sixties generation). Days not anti-hotel, which would since 1969, as the main stumbine who is are spent at the National Gallery come as some surprise to Mr Joning block to meeting growing riders.

Basic statistics **Floorspace:** 87m sq ft offices Area: 8.5 sq miles (26 per cent) 140m sq ft residential

(41 per cent)
22.6m sq ft shopping
(7 per cent)
2.8m sq ft industry

athan Bodiender of management

He pointed out in a recent report

on London's tourist accommoda-

the next decade unless

tion that a crisis was looming in

space was provided for visitors. Yet in Westminster, the needs of

residents and the environment came well before those of tour-

consultants Horwath & Horwath.

(1 per cent)

Population (resident): 180,000 Daytime population: Im Workforce: 500,000

1986 rateable value: \$344m (includes \$290m commercial)

(3m visitors in 1985), Madame Tussaud's (2.3m) or London Zoo x(1.2m), and evenings in the city's theatres or Soho's restau-

rants and nightspots.
But this multi-billion pound industry is not without its prob-lems. The sheer bulk of 70,000 visitors on each average day adds to the burden on the local thotels in Westminster. authorities' transport and The city contains more than cleaning services. And the 30,000 rooms almost half the demand for more hotels, restaurants and clubs is one more con-

demand. But Westminster is nowhere near as intransigent as its neighbour.

BBC centre in Langham Place, the Crown Agents building near the Commons, Leicester Square Dental Hospital and BR's Marylebone offices.

The council is also quick to point out that it was so keen for the old St. George's Hospital at Hyde Park to become an hotel that it served compulsory pur-chase orders on the joint owners to make sure they got started.

The big problem now is sorting out designs for the offices behind the old block. But in all the fuss it has almost been forgotten that the scheme would involve clear-ing away half of Hyde Park's

ism. This effectively restricted hotel development to central Riding in Rotten Row faces office areas, where land prices made them uneconomic.

The city was lumped in with kensington & Chelsea, which had not allowed a new hotel since 1969, as the main stumbling block to meeting growing.

Potential hotels include the

Shopping

The golden triangle

EVERY MAP and guidebook in the world places the heart of london in a crowded forecourt space they occupy, according to outside Charing Cross Station. Visitors, and many Londoners, have a slightly different view. Signposts in Tokyo, Tottenham and Turin may converge on this mythical mark but most of the people who follow them make a last minute detour westwards to one of the biggest concentrations of shops in the world.

The triangle between Marble interesting machines, which produce too little profit for the expensive space they occupy, according to agents Healey & Baker. White-leys and Bourne & Holling-sworth, once top West End mames, failed to make the grade. But at least they have provided much needed space for eager developers to provide a new style of covered shopping centre.

Debenhams, Dickens & Jones and D H Evans have no intention of going the same way and

The triangle between Marble
Arch, Piccadilly Circus and
Arch, Piccadilly Circus and
Tottenham Court Road tube station is both London's 'high street' and the most popular Harrods has been spruced up.
tourist centre in the UK outside Meanwhile, Marks & Spencer, the Terror of London Oxford not satisfied with heriogs the the Tower of London. Oxford not satisfied with having the Street alone is equivalent to an world's highest turnover per sq average large town centre, with ft in its Marble Arch store has 200 shops and 12 department added another 17,000 sq ft and stores turning over some \$3bn a plans to extend its Pantheon year. Bond Street and Regent store near Oxford Circus in the Street make up much of the bal-ance of 37 department stores and But all the extra shoppers 7,800 shops in Westminster, being served create enormous

This overlapping role has produced a wide spread of shopping, ranging from the luxury of Harrading from the authly of Par-rods and Burberry, through the variety of Marks & Spencer and Debenhams to the pazazz of Vir-gin Records and a host of glitzy boutiques.

It has also given retailers a double bite of the cherry and contributed to continuing prosperity. When Londoners' spending power dropped during the recession, the ? million overseas

which encompasses something congestion problems, and the like 60 per cent of central Lon-local Chamber of Commerce don's retail space. covered centres around London could entice people away with their promise of comfort and easy access by car. Its survey of prospects to the end of the century called for environmental tury called for environmental improvements and better promo-tion of the West End to match the sort of publicity in which the new centres would invest. Retail-ers would also benefit from a less strict policy on preserving old buildings, it said. Planners argue that they are

recession, the 7 million overseas visitors pouring each year through Oxford Street kept till bells ringing.

As tourism collapsed after the Libyan crisis, UK spending was recovering again. Now the visitors are back to ameliorate the Oxford Street.

Planners argue that they are trying their best to beat the trying their best to beat th

But proposals to divert taxis and buses as well were thrown depression.

and buses as well were thrown
Shop rents, probably the best out by Mayfair residents, who indicators of how business is farindicators of how business is faring rose more than 30 per cent rolling past their windows.
this year in Oxford Street to Instead the council is proposing
break the peak levels of 1979 to widen pavements, narrow the
according to agents Debenham road and make the place look
Tewson & Chinnocks. The best more attractive for shoppers, It space now costs more than \$410 says it is fully aware of the a sq ft a year in rent and rates. importance of a street which But department stores cannot supports 60,000 jobs and millions sit back and rely on past success. in rateable value. But as ever, in They must be ruthless in updat the conflict between business ing designs and casting aside and local people, residents take products like bedding and wash- priority.

TOURISM TO IMPROVE THE ENVIRONMENT

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AND VISTIORS ALIKE. We wish the Westminster Chamber of Commerce well in

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Homes Divisions in the house

and botels for top people: Harrods and Claridges

OF ALL THE inherent contrasts in Westminster, housing is per-haps the most extreme. The most affluent local authority area in affluent local authority area in Britain naturally contains some of the best addresses Park Lane, Mayfair, Belgravia, St John's Wood. A Sim price tag would scarcely raise an estate agent's eyebrow unless he thought it a bargain.

But there is more to Westminster there is more to Westminster there is more to Westminster there millionaires. The city

ster than millionaires. The city also sprawls across some of London's poorest estates: almost 30 per cent of homes were under council control in 1981 and a fur-ther 40 per cent rented privately. Add to that an immigrant popu-lation three times the national average, 10,000 people waiting for a council house and 2,000 homeless families in care, and the picture changes to a more typical inner city profile of discharges.

advantage.

And thereby hangs an enormous political row which has seen strikes, questions raised in parliament and protesting counciliors arrested. In spite of the social problems, the ruling Tory group has incensed the opposition and pressure groups by driv-ing aggressively forward policies to sell close to half its council

A housing committee was recently broken up in disarray by protesting residents, and five Labour councillors were arrested after police were called in. Opponents claim this is the

unacceptable face of Thatcher-ism: council leaders and officials argue that they are building a much needed path for middle income people to buy their own homes.

The problem we face is that many of the people who need to work in this area cannot afford to live here, says Mr Rodney some 3,000 tenancies under the Brooke, the chief executive, right to buy legislation, But its



(right) Mr Rodney Brooke, chief executive: coping with a

The squeeze is made worse because a lot of housing is disap-pearing into short-term lettings or being snapped up by overseas buyers who want a place to stay when they visit London, added Mr Sydney Sporie, acting plan-ning director.

Only 21 per cent of homes in the city were owneroccupied in 1981 compared with a national told to provide homes as t average of 48 per cent at that time. Yet almost as great a proportion were holiday lets, second asked to approve changes in homes or held by absentee landlords. The important middle sec-tion which attracts those people vital to running a city is being squeezed down from the top," Mr

Sporle says.
The council has already tried

House prices are well beyond latest and most controversial policy involved a rolling programme of sales in designated blocks as flats become vacant. This could' switch another 9,500 homes into the private sector as the council stock diminishes at five per cent

> At the same time, planners are trying to clamp down on holiday lettings, which have become big business in west London over the years. Developers are also being told to provide homes as the The Government will soon be

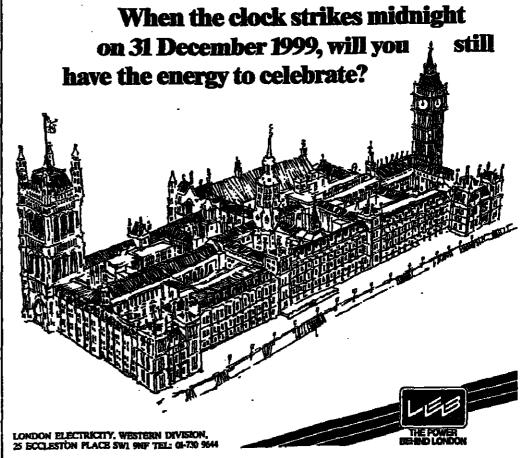
asked to approve changes in the city plan which aim to break the polarisation of public and private housing. But this strategy of reducing the contrasts in Westminster seems likely to grab fewer headlines than the plight of the homeless, who have to ease the pressure by selling become human pawns in a some 3,000 tenancies under the greater game of social engineer-right to buy legislation. But its Of course you will. We'll see to that! In fact we already have.

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need to supply SUI Megawarts.

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link-up in the international banking market. But it could eventually go much further, to the point of a merger between

the two banks.

The Hongkong and Midland banks currently rank respec-tively 31 and 34 in the world league based on asset size. The two together would jump up to seventh place, making them the second largest non-Japanese seventh place, making them the second largest non-Japanese bank in the world, after Citicorp. At the moment, neither of them is prepared to say that a merger is definitely on. There will be a three year "standstill" after the investment is made, and even then both banks could still go their separate ways.

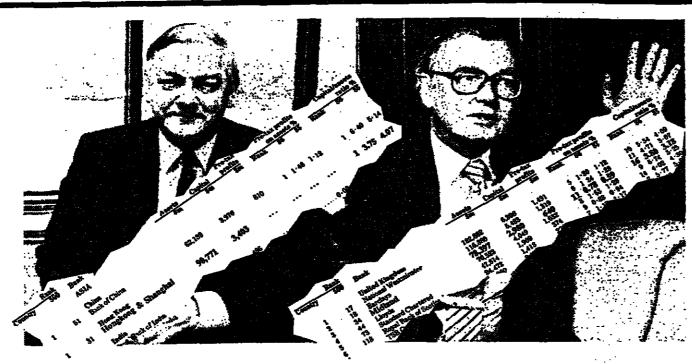
Sir Kit McMahon, the chairman of Midland, comments: "A full merger? I don't know about that." Willie Purves, the Hongkong Bank's Scots-born chairman, says: "We'll have to see how it works."

Nevertheless, both banks are going about the deal as if they expect it to lead to something big. The circular to Midland's shareholders about the vote contains a detailed plan showing

tains a detailed plan showing how the two banks propose to carve up the world, and work together in areas like technology, and financial services where

they share an interest.
Directors and staff are to be swapped. But, already, a busy round of consultations has begun

two banks can avoid a closer marriage, barring a negative vote on December 21. They need each other, Midland Bank is financially weak, but well-positioned in the UK and continental markets. Hongkong Bank is one of



A special relationship – if not exactly a marriage

David Lascelles examines the implications of the Hongkong and Shanghai Bank's investment in the Midland, Britain's fourth largest clearer

happy position since it made its National Bank in the US in 1981. As Sir Kit puts it: "At the

round of consultations has begun moment we are too small to be with executives travelling to and fro between London and Hong Kong. As one of the Hongkong Bank's local competitors puts it: "The Hongkong Bank, for its part, will get its long-sought "third leg" in Europe to complement its other two legs in the Far East, and the US where it owns the Marine Midland Bank.

Escape route

Purves denies that the deal is the world's strongest banks, but intended as an escape route for it faces the dilemma of 1997 his bank. This has nothing to do when the colony returns to Chi-with 1997. It's a business and ese rule.

The capital injection will find it difficult to believe that it

intriguing question. The answer the test have not been strength-depends on the extent to which ened in some people's eyes by times have changed since the UK the comments of the Governor, thwarted the Hongkong Bank's Robin Leigh-Pemberton, that UK

has every intention of holding Governor of the Bank of onto.

But speculation continues to swirl around the Hongkong Bank's motives, the most wide-shas, at least, widened his options by joining up with Midland.

He must also avoid the slightest hint of quitting Hong Kong introduced in the last three because of the devastating effect vears, and Hong Kong's new officially at any rate - only of academic interest to Midland and Hongkong Bank as they set about creating their "alliance".

The geographic carve-up of their markets has been easiest. Basically, Midland will become the European partner by assuming control of most of the Hong-kong Bank's branches there and buying its UK finance house

the European partner by assuming control of most of the Hong-kong Bank's branches there and buying its UK finance house test hint of quitting Hong Kong introduced in the last three because of the devastating effect years, and Hong Kong's new that would have on local confidence and on relations with the Chinese. There is, however, one maverick view that Beijing would be happy to see the Hong-kong Bank leave because that would clear the way for its own takeover of the colony.

Quite how a merger between Midland and the Hongkong Bank allowed to assume control of would be achieved is another would have to run the gauntlet of the Bank of England's 'fit and proper' test before it would be achieved is another intriguing question. The answer the services in the last three kong Bank's branches there and buying its UK finance house house its use its UK finance house buying its UK its UK its UK its UK it

foothold

enable Sir Kit to do two things. Straight away he will be better placed to make a further \$100m fact, Hongkong Bank already has provision against Midland's Third World loans, and bring them up to levels reached by the other clearing banks.

For the longer term he will have some spare cash to finance an active growth strategy, the single provision to sell Hang Seng Bank, and provision to sell Hang Seng Bank, and bring of the bank's listed by the comments of the Governor, Robin Leigh-Pemberton, that UK there have been consistently strong and profitable. We'll be there have been consistently strong and profitable. We'll be there have some spare cash to finance an active growth strategy, the single provision to sell Hang Seng Bank, shariman at the time of the bank's chairman at the time of the Bovernor, Robin Leigh-Pemberton, that UK the comments of the Governor, Robin Leigh-Pemberton, that UK clearers should not be allowed to pass into foreign hands.

In some respects they have. Sir Michael Sandberg, the Hongkong Bank's chairman at the time of the clearers should not be allowed to pass into foreign hands.

For the longer term he will have some spare cash to finance at this times have changed since the UK thwarted the Hongkong Bank's clearers should not be allowed to pass into foreign hands.

In some respects they have. Sir Michael Sandberg, the Hongkong Bank's chairman at the time of the Governor, Robin Leigh-Pemberton, that UK clearers should not be allowed to pass into foreign hands.

Purves does not see an obstation to sele here. It think we are fit and profitable. We'll be or Lating to be a far stronger sign of the bank's chairman at the time of the Governor, Robin Leigh-Pemberton, that UK the comments of the Governor, Robin Leigh-Pemberton, that UK clearers should not be allowed to prove the Hongkong Bank's chairman at the time of the Hongkong Bank's chairman at the time of the Hongkong Bank's chairman at the time of the Hongkong Bank's charted the Hongkong Bank's charted the Hongkong Bank's charted the Hongk

land would take years to gain the sort of foothold which the Hongkong Bank has got in the US and the Far East.

The rationalisation will also seek to combine the two banks' seek to commine the two cards strengths in products and ser-vices, such as export finance, documentary services and corre-spondent banking, as well as technology and back-up.

The difficult part, however, will be in the area of investment

banking which is more of a 'peo-ple business' than commercial banking and where individual talents and sensibilities play a big role. Midland will not, for example, be yielding up its investment banking operations in New York or Tokyo because they form part of a "global" ser-

vice.
Yet the potential could be very big, Midland owns Midland Montagu, which includes Samuel Montagu, the merchant bank, an montago, the merchant bank, an equity stockbroking business and a gilt-edged primary deelership. Hongkong Bank has Wardley, one of the leading merchant banks in Hong Kong, and James Capel, one of the City of London's top stockbrokers. Both banks are also active in the capital markets and investment men-

banks are also active in the capital markets and investment management business.

In terms both of geographic spread and range of products, these could form the basis of an impressive worldwide investment banking business.

The only major overlap is in the US where both banks own a US Treasury bond dealership. One of them may have to be closed down or sold.

But merging these operations

But merging these operations will be difficult. "We can't push it because there are a lot of printa donnas, says a Midland executive. Purves comments: "It's a people business, and it will have to be handled carefully, or there will be sparks. But if people see the opportunities, they will work together."

For Sir Kit, the deal is a sign that Midland has not resigned

itself to becoming just a local British bank - whereby as we go down we meet the Trustee Savings Bank coming up." But he is not prepared to speculate on just what the alliance will look like, partly because he states firmly that neither side is irrevo-cably committed.

But does the detailed planning not mean that the two banks will be so tightly bound by the end of three years, that they will be unable to part, except very painfully? "That's a risk I am prepared to take," he says. Purves also puts a limit on his ambitions for the alliance at this

The world turned upside down

Anatole Kaletsky on the establishment of a US business school in Japan

MAN BITES DOG. Japan imports
American management methods.
In a move which flies in the face of conventional wisdom about the shortcomings of American business education, this week saw the signing of the first agreement to establish a US business school on Japanese soil. This will not only be the first institution to teach a US-style curriculum in English to Japanese students, but the new MBA programme, to be organised by Dartmouth University's Amos Tuck School of Business for the International University of Japan, will also be only the second business studies degree of any kind to be offered in Japan.

The deal between Tuck and the IUJ may not have attracted as many headlines as the nuclear missile treaty signed in Washington. But it is just possible that cynics in the 21st century will point to the export of MBA programmes as America's economic secret weapon — the Trojan Horse which won by stealth the strong Japanese tradition of the strong Japanese tradition of the strong Japanese advertices.

grammes as America's economic grammes is seen as a complesecret weapon – the Trojan Horse which won by stealth the strong Japanese tradition of trans-Pacific business battle in which every conventional as Yotaro Kobayashi, president weapon of corporate warfare had so dismally failed.

Possible, but not likely. The Japanese are well aware of the Japanese are well aware of the deep misgivings within the US business community about the traditional American approach to management education. They seem to regard the new MBA ences, involving direct contact programme as much as an opporseem to regard the new MBA ences, involving direct contact programme as much as an opportunity to study US business methods and compare them with those in Japan, as a tool for teaching their own managers.

Of course the Japanese are far too polite to say this directly carth and will be the academic Shuntaro Shishido, the IUJ's dean for the new IUJ propresident, stresses instead the need to provide "education in English for a young business elite", as Japan expands its role in the world and large corporations adapt to international obligations.

The fact remains, however, that there appears to be no widespread clamour in Japan for mainstream line-managers to MBA ences, involving direct contact with real corporate problems. The fuck School's most celebrate deal to bring American teaching on corporate strategy down to earth and will be the academic Samme.

As well as the prestige of being ticularly attracted by the fact that this will be "an unusual opportunity for our faculty to examine Japanese enterprise and leadership first-hand."

Akira Ohtomo, executive dean opportunity for our faculty to examine Japanese enterprise and leadership first-hand."

spread chamour in Japan for leadership first-hand."

Akira Ohtomo, executive dean of the new MBA programme, of the new MBA programme, says in answer to the obvious agreement, Keio University, the country's oldest and most prestigious private university, had a nationwide monopoly on MBA reducation. It is significant that Japan's second MBA programme will be instituted at a university whose role is not to provide Japanese students with basic business education but to increase the country's understanding of the world beyond the Sea of out what is really wrong with some American methods too."

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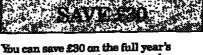
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FIDELITY FRONTIER FUND

Societe d'Investissement a Capital Variable 13, Boulevard de la Foire R.C. Laxembourg B 20494

Notice of Assmal General Meeting

NOTICE is hereby given that the Annual General Meeting of the shareholders of FIDELITY FRONTIER FUND, a societe d'investir a capital variable organized under the laws of the Grand Duchy of registered office of the Fund, 13, Boulevard de la Foire, Lunembourg, at il a.m. on December 31, 1987, specifically, but without limitation, for the following purposes:

- Fiduciant; Election of the Statutory Auditor, specifically the election of Coopers & Lybrand, Luxembourg, Consideration of such other business as may properly come before the meeting.

Approval of the above items of the Agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting. A quantum it not required. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any assessing by proxy.

BY ORDER OF THE BOARD OF DIRECTORS



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Plaisterers Hall, City of London 11, 12 & 15 February, 1988



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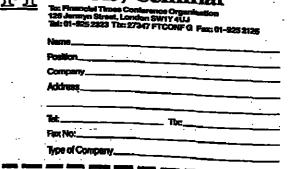
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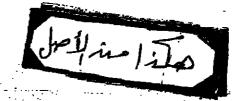
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FT LAW REPORTS

Shipowners' limitation action goes ahead

BALTIC SHIPPING CO v OWN-ERS OF CARGO ON MEKHANIK EVGRAFOV Queen's Bench Division (Admiraity Court): Mr Justice Sheen: December 3 1987

SHIPOWNERS against whom judgment has been given in consolidated actions by cargo owners for damage to cargo

owners for damage to cargo may, in special circumstances, start separate post-judgment proceedings to limit their liability.

Mr Justice Sheen so held when refusing to strike out two identical actions by plaintiff shipowners, the Baltic Shipping Company, claiming declarations that their liability to owners of cargo, carried on the Mekhanik Evgsfov and the Ivan Derbenev respectively, was less than that for which judgment had been given in a previous consolidating action.

HIS LORDSHIP said that in Janusey 1382 the Mekhanik Evgra-where several claims were appre-tin Canada for carriage to On June 26 the carro England.

Services of the services of th

- 7 M CO.

England.
The cargo was loaded in undamaged condition. When it was delivered it was extensively damaged by fresh water due to The cargo owners issued a writ

claiming damages. The court ordered the action to be tried at

the same time as the Ivan Derbenev action, and fixed the trial it was said, result in a substantial and unhecessary increase in costs.

ers, as defendants in the consoli-dated action, served an admisdaied action, served an admission of facts on the cargo owner, admitting quantum of damages was \$120,963 "without prejudice to their right hereafter to limit their liability under the Merchant Shipping Acts 1894-1884". On June 25 they sent a telex message to the cargo owners that should they be held liable, they would wish to limit liability relying in particular on section

On June 30 they sent a further telex that there should be time to deal with the issue at the trial as part of the defence, and so save time and cost.

The consolidated action came

The consolidated action came on before Mr Justice Hobbotse. He found that the cargo damage on each vessel was caused by improper ventilation. On July 31 he entered judgment for the cargo owners for \$420,963 and \$214,224 respectively.

On August 3 the adipowners issued a writ, having taken a conscious decision to await the judgment and then deal with the judgment and then deal with the question of limitation. There was no suggestion in the writ that

would wish to limit liability, relying in particular on section 508 of the Act [which provided that a shipowners could limit liability for loss or damage to goods if it occurred without his actual fault or privity].

They said that as defendants in the two actions they were entitled to plead limitation by way of defence, but they also had the right to start separate himitation proceedings.

No reference was made to section 504 of the Act, which provided for a limitation action where several claims were apprehended.

On June 26 the cargo owners replied that where there was not suggestion in the writ that in the first to start separate himitation proceedings.

No reference was made to section 504 of the Act, which provided for a limitation action where several claims were apprehended.

On June 26 the cargo owners replied that where there was only one potential claimant on each limitation fund, the appropriate course was to plead limitation as a defence, and/or immediately to apply for a declaration. Waiting till after judgment in the main action before deciding whether to comdistely to apply for a specifically invited to raise the declaration. Waiting till after defence, but falled to do so, with judgment in the main action the result that judgment had before deciding whether to com-

mence an action for a declara-tion that their liability was less than that for which judgment had been given. He asserted that the action was an abuse of the process of the court and should had trust out

In Yat Tung Investment [1975] AC 581, 590 Lord Kilbrandon said "The plea of respicial cases in to every point which properly belonged to the subject of Itigation, and which the parties, exercising reasonable diligence, might have brought forward at the time".

In Fidelitas Shipping [1966] I QB 640 Lord Denning made a similar statement, but said this is not an inflexible rule. It can be departed from in special circumstances".

Nowhere did one find any guidance as to what might be regarded as "special circum-

In the present case the felse vant circumstances were (1) the cargo owners from relying successfully on res judicata. Documents showed that both sides took the view it was perthey would judgment be greater than the limit; (3) the cargo owners the limit; (3) the cargo owners the limit; (3) the cargo owners the question of limitation after complaint on June 25 that the

He submitted that the matter was res judicata, and the shiwas res judicata, and the shimence an action for a declaration that their liability was less
than that for which judgment had been given. He asserted that
the stion that the asserted that
the stion of limitation in the consolidated on that limit.

In the Penalope II there was only one claimant against the only one claimant against the shipowners. The arbitrators made an award in favour of the cargo owners. The Court of Appeal held that the shipowners could wait until after the award had been made before bringing as action to limit their lightility. an action to limit their liability.

Lord Justice Brightman said "an owner can ... limit his liabil-ity post judgment or post arbitra-tion in a single claim case as well as in a multiple claim case".

Having regard to the manner in which the Court of Appeal dealt with Penelope II, it would be unjust to hold that the shipowners could not now obtain a declaration that their liability to the cargo owners was limited.

In the present case the rele-stances which prevented the

Accordingly, the actions were not an abuse of the process of the court. The summonses to strike out were dismissed.

The provisions of the Mer-chant Shipping Act 1979 relating to limitation of liability were now in force and Part VIII of the now in lorce and Part VIII of the 1894. Act had been repealed. In case there were some claims out-standing to which the 1894 Act applied – all three members of the Court of Appeal in the Pene-lope said that section 504 applied only where several claims were made or apprehended; and that when there was only one claim, section 503 ought to be pleaded as a defence. Hereafter there might not be any "special circumstances" which would prevent a plea of res judicata from being successful.

For the shipowners: Angus Glennie (Middleton Lewis Lawr-ence Graham).

For the cargo-owners: Iain Milligan (Clyde & Co).

By Rachel Davies

Barrister

APPOINTMENTS

New chairman for Amersham International

Sir Edwin Mixon is to become chairman of AMERSHAM INTERNATIONAL in succession to Sir John Hill who intends to to sir Joan Mill who intends to retire next April. Appointed to the Amersham board as a non-executive director in July, Sir Edwin is chairman of IBM United Kingdom Holdings and a deputy chairman of National Westminster Bank. He is also a member of the president's com-mittee of Confederation of British Industry and a council mem-ber of the Open University.

Mr Clive Hofflek, managing HALIFAX BUILDING SOCIETY director of MAI, has been appointed a non-executive director of LOGICA.

BRITISH TELECOMMUNICATHONS has appointed Mr Tony
Yardy director of corporate strategy from January 1. Mr McCook is manager of the Southhampton branch.

MONCREIFFE & CO has seen the appointment of Mr.

Mr C. de Sate formerly chief executive of Sate in the second appointment as managing director of Regenterest.

How C. de Sate formerly chief executive of Sate in the second appointment as managing director of Regenterest.

MONCREIFFE & CO has seen the appointment of Mr. Telecom International.

J. BIBBY & SONS has appointed Mr D.B. Macgregor and Mr T.M. Walmstey to the board. Mr Macgregor is chief executive of the paper and converted products division and Mr Walmsley is chief executive of the science products division.

has appointed Mr David Thorn-borrow divisional manager per-sonnel. He was personnel con-troller and succeeds Mr Malcom TILEURY PLANT has appointed Mr Geoffrey Drage as a non-executive director.

Wykes, who has become regional general manager, creater London, Mr David Harrison has been appointed from January 1. Stockley.

Mr Wes van Riemsdijk has joined the main board of FATES BROTHERS WINE LODGES as a non-executive director. He is currently regional operations controller, East and non-executive director. He is currently regional operations controller, East and non-executive director. He is currently regional operations controller, East and non-executive director. He is currently regional operations controller, East and non-executive director. He is currently regional operations controller, East and non-executive director. He is currently regional operations controller, East and non-executive director. He is currently regional operations controller, East and non-executive director. He is currently regional operations controller, East and non-executive director. He is currently regional operations controller, East and non-executive director in Robert Traser Financial Management, Stockley.

Mr Yobin Soberts has been appointed a director of Robert Traser Financial Management, Stockley.

Mr Yobin Boberts has been appointed a director of Robert Traser Financial Management, Stockley.

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Mr Yobin Sobert a director of Robert Traser Financial Management, Stockley.

Mr Yobin Boberts has been appointed a director of Robert Traser Financial Management, Stockley.

Mr Yobin Sobert a director of Robert Traser Finance a director. Both were previously at Grindleys where Mr von Westenholz was head of the company handling individual pensions, investments and tracer traser Finance a director of Robert Traser Finance.

Mr Tobin Bobert All Reveals a director of Rober

Mr G. de Sere, former deputy general manager of Banque Internationale de Congo, a Ban-que Internationale pour L'Afri-que Occidentale affiliate, has been appointed general manager been appointed general manager of B.I.A.O. Tondon branch. His predecessor, Mr M. Sachy, has now taken up a new post as managing director of B.I.A.O. Overseas investments.

GUINNESS has appointed Mr Chaires von Westenholz Geoffrey King as group com-pany secretary from January GROUP as deputy chairman and

appointed Mr Calum Murray as seen the appointment of Mr international marketing director. He was export director at John Dewar & Sons with responsibility for Dewar's White Label in Europe and Latin America.

ert Fraser Insurance Brokers has seen the appointment of Mr Nick Porritt as a director of Robert Fraser Reinsurance property a director of E.W. Payne, reinsurance arm of the Sedgwick Group. Europe and Latin America.

Mr Keith Thompson has been appointed a director of SCOTT of Robert Fraser US and International and International and International America.

was previously agency manager and company secretary.

East, Eaton industrial controls division, has additionally been appointed a board director of EATON LTD, the UK subsidiary of Eaton Corporation, Cleveland,

Mr J.B.Bolmes, formerly gen-eral manager and director of Bradford and Bingley Building Society's south east region, has been appointed managing director of CENTRAL CAPITAL MORTGAGE CORPORATION, a subsidiary of Central Capital.

KIRKLAND WHITTAKER (CUR-RENCY DEPOSIT BROKERS) has made the following appoint-ments: Mr John Axisa and Mr Ray Liva as directors and Mr Brian High-Jones an associate Mr David Seel and Mr Peter Roxburgh have also joined from Hogg Robinson and they have both been appointed directors of Robert Fraser Special Risks, a division specialising in stop loss

Mr Chiles Chiles has been made managing director of ISTEL. He was operations director and dep-uity chief executive.

HADRIAN TRUSTEES has promoted Ms Fions Goulbourn and Ms Berverley Dake to executive directors.

U.S. \$300,000,000



Midland Bank pic

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In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from December 11, 1987 to June 13, 1988 the Notes will carry an interest Rate of 8.225% per arrum. The interest payable on the interest payment date, June 13, 1988 will be U.S. \$422.67 and U.S. \$4,226.74 for Notes in denominations of U.S. \$10,000 and U.S. \$100,000 respectively.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

December 11, 1987



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FRAMLINGTON

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How the genetic trail **leads** to who did it

Clive Cookson examines the way in which DNA fingerprints are used to track down criminals and prove disputed parentage

LEGAL HISTORY was made in Britain last month when Robert Melias, a 32-year-old labourer, was convicted of rape at Bristol Crown Court on the basis of his genetic or DNA finger-print. Two weeks later a second rapist, 25-year-old Nigel Davies, was also convicted through DNA fingerprinting, a method which identifies individual patterns in the chemical blueprint for life.

Meanwhile, hundreds of families from Bangladesh and Pakistan are undergoing the same DNA tests in an effort to prove their family relationships to the British immigration authorities. And courts are beginning to accept the evidence of DNA fingerprints instead of traditional blood

tests in paternity disputes.

DNA fingerprinting was discovered three years ago by Alec Jeffreys, a 37-year-old geneticist at Leicester University, as a by-product of research into the evolutionary origin of human genes. He immediately understood its commercial potential, and the Lister Institute, of which he is a research fellow, patented the discovery.

ICI has given accounted the vectories.

ICl has since acquired the exclusive right to exploit the DNA fingerprint-ing process and has launched a new international subsidiary, Cellmark Diagnostics, on the basis of the tech-

Jeffreys is proud of the way he and the Lister Institute protected the discovery and ensured that it was commercialised in Britain - in contrast to some other important discoveries, such as monoclonal antibodies, which were not patented and have mainly enriched foreign companies.

Jeffreys discovered a particular sequence of the hereditary chemical DNA which varies greatly between individuals. This sequence occurs at intervals along the whole double-helix chain of the DNA molecule, and what varies is the number of times it is

sense word a different number of times on each page. For example Jef-freys found that the number of repeats or "stutters" at one point ranged from 14 to more than 500 in different individuals.

Scientists do not yet know what purpose the Jeffreys sequence serves, if any. It seems to be an example of "junk DNA" – in contrast to the more familiar genes coding for the proteins which define the physical characteristics of each individual. But like other genes the Jeffreys sequence is present genes the Jeffreys sequence is present in every human cell, and it is passed on in a predictable way from one generation to the next.

These two characteristics make DNA fingerprinting an extremely powerful tool both for forensic identification and for discovering how closely two people are related.

people are related.

Six months ago the new ICI subsidiary Cellmark Diagnostics opened a laboratory with a staff of 25 in Abingdon, Oxfordshire, to carry out DNA fingerprinting. Five thousand people have already registered for tests at a cost of \$120 each. A second laboratory opened in Oxforder in Cormantory opened in October in Germantown, Maryland, for the American market. Cellmark takes about a week to gen-

erate a DNA fingerprint from a sample of tissue (normally blood) using an 11-stage procedure (see illustration). The essence of the technique is to cut up the DNA using a special enzyme which leaves the Jeffreys sequences intact, separate the fragments according to size, and detect them with radioactive DNA probes on photographic film.

The final result resembles a supermarket bar code. In a paternity case, every bar on the child's genetic fin-gerprint should match up either with the father's or with the mother's fingerprint. But occasionally random genetic mutations produce one or two different bars on the child's print, and in about one case in a hundred the An analogy would be a faulty word mutations make it difficult to distin-processor that repeated a certain non-

daughter and a nephew/niece. A more complicated genetic test is then

THE DNA FINGERPRINTING PROCESS

Blood sample

When DNA fingerprinting is used in a forensic investigation only a tiny sample is necessary. A single hair root or a blood stain as small as a letter on this page will do.

estershire police gave Jeffreys his first opportunity to apply the technique on a large scale. He obtained DNA fingerprints from

bles

supermarket

bar code. In paternity

cases, every bar on the

child's genetic

fingerprint should match

"code"

either

in the

of the are taken by approved doctors in the presence of an immigration official overseas and, together with photo-graphs and documentation, are sent by the Diplomatic Bag to Ceilmark Philip Webb, general manager of Cellmark, says immigration cases have provided most of his company's work so far. "We have had over a

duced an elaborate procedure to pre-

vent this happening. Blood samples

Radioactive DNA probe

nds to DNA pette on me

semen stains on the clothing of two 14-year-old girls, Lynda Mann and Dawn Ashworth, who had been raped and murdered. These showed that one man was responsible for both crimes.

The police's prime suspect was freed, because his DNA fingerprint did not match. Nor did those of two thousand men living in the area, who volunteered to give blood samples early this year. But a 27-year-old baker, Colin Pitchfork, has recently been charged with both murders, and another man has been charged with perverting the course of justice by pretending to be Pitchfork and giving a blood sample on his behalf.

impersonation and fraudulent substitution of blood samples is also a potential problem in immigration cases. So the Home Office has introthousand clients on immigration matters." A typical family may require several tests, at a total cost of several hundred pounds.

Most immigrant organisations now favour DNA fingerprinting because it promises to help reunite families, though a few Asian leaders still feel that genetic testing is a racial insult. There is also concern that some men will be shocked to discover that a child they genuinely believed was their's had in fact been fathered by someone else - some cases of non-pa ternity are bound to result from infidelity by the wife rather than a deliberate attempt by the husband to mislead the immigration authorities. The UK Government's attitude is that it is happy to accept DNA finger-prints as proof of paternity for fathers

who want to bring their children from the Indian subcontinent to settle in Britain But it is still deciding whether or not to make public funds available to help immigrants who cannot afford Cellmark's commercial rates.

Probe binds

to specific

That decision will be made early next year, on the basis of a detailed study of 40 families from Bangladesh and Pakistan, whose samples are undergoing both DNA fingerprinting and traditional blood grouping tests.

Doctors who carry out traditional-blood tests argue that their progress over the last few years has been obscured by the recent publicity! about DNA fingerprinting. They do not look directly at DNA but test for various blood proteins which are indi-rect genetic markers. Dr Patrick Lincoln of the London Hospital Medical College speaks for

Hospital Medical College speaks for the traditional testers when he says that their methods can settle the vast majority of paternity disputes conclu-sively, without resort to DNA finger sively, without resort to DNA finger-prints. Traditional tests will prove non-paternity in 97 to 99 per cent of cases where a man is wrongly named as the father. And they will show to a high degree of probability (at least 95 per cent) that he is the father in nine out of ten remaining cases. Lincoln also points out that tradi-tional blood tests for a family of four cost \$158 compared to \$480 for DNA

cost £158, compared to £480 for DNA fingerprinting.

fingerprinting
But it seems likely that in the longterm direct analysis of the genetic
material itself – in other words some
form of DNA fingerprinting – will
turn out to be the best means of
checking included identity and family relationships.
At present Cellmark has no signifi-cant competition, because no one else

has discovered such a variable region of DNA as the Jeffreys sequence. However, American companies such as the Lifecodes Corporation of New York are investigating alternative methods of genetic identification.

Designs on pocketing the cellular market

By Geoffrey Charlish

A HAND-HELD cellular radiotelephone which is hinged in the space and consume power t space and consume power, was to middle, and folds to occupy a space little bigger than an inch-thick stack of credit cards has been designed by Supertron of London, a small British technology development company. The company hopes to interest cellular network over the cellular radio section.

Paging networks work at only then the cellular radio section.

company hopes to interest cellular network operators and radio manufacturers.

Designer of the unit is Supertron's managing director Michael Rodrigues. He says that, in present cellular hand-held units, much of the battery capacity (and therefore battery volume and weight) is needed to power the stand-by or "sleeping" are used, giving a unit which, order to detect an incoming call. order to detect an incoming call. in a shirt top pocket.

Although the calls themselves Rodrigues appreciate

tional electronic components unit.
have to be used; which at such Supertron can be contacted in ultra-high frequencies take up the UK on 01 998 6372.

Although the calls themselves take much more power, they usually last only a few minutes. These "sleeping" circuits, claims Rodrigues, cannot be appropriate call signalling but the 900MHz (mesahertz) radio coming in view of the size and the 900MHz (megahertz) radio coming in view of the size and frequencies involved Conven- battery life of the Supertron



Supertron's hinged cellular telephone folds to a size only little

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tomer for sheds.

This week, he says that his bull market is intact, whatever the knock-on effect of the stock exchange crash on nervous fund management committees. "At least one major institution has gone on to the sidelines, and that may have taken \$250m or so out of the market for the time being," he admits. "But there are still probably 20 or 30 buyers with between \$40m and \$50m each to spend in the industrial

This was always going to be the year for the industrial prop-erty investment market. Agents Richard Ellis signposted the recovery at the turn of last year when they saw yields in 1987 coming back by at least a percentage point from the 8% percent, prime, and 11.4 per cent average they achieved in 1986.



The year of the industrial property market

ket had been first demolished by industrial recession and lack of occupational demand and, second, pre-empted between 1984 and 1986 by the "high tech" development boom which was conceived and mostly realised to

present combination of high yield, prospective growth rates and the periodic jump in rent known as reversion, which happens when old leases come up for renewal in a buoyant market.

Ellis concur At the end of

true industrial recovery began to feature in UK economic performance, the market found itself short of the premises needed.

A problem for the occupier became a potential opportunity for the investor. Mr King says

The trick is not done with mirtigeness and the investor. Mr King says

The trick is not done with mirtigeness and the state of the premises needed.

The trick is not done with mirtigeness needed and ellis now forecast that it will climb to 28 per cent in the secure industrial property as an investment.

The trick is not done with mirtigeness needed and ellis now forecast that high yield look very cheap. He struction costs of traditional for sheds, an organic of the total investment. In this environment, failing demand for sheds, an organic of the high land values are willing to pay to high yield look very cheap. He struction costs of traditional for sheds, an organic of the total investment. In this environment, failing demand for sheds, an organic of the high land values are willing to pay to high yield look very cheap. He struction costs of traditional spect of the western and the total investment.

The high land values are willing to pay to high yield look very cheap. He struction costs of traditional for sheds, an organic of the total investment. In this environment, failing demand for sheds, an organic of the line is significant occupational the total investment.

In this environment, failing demand for sheds, an organic of the interest rates are going to make a recovery spiced by the low constant organic of traditional spectrum. The high land values are struction costs of traditional spectrum organic o

development boom which was conceived and mostly realised to the west of London. In the same three-year period, residential and out-of-town retail development was absorbing the very land upon which industrial and upon which industrial property could have been built, and that began to affect supply and demand by the end of 1986. High tech was usually a euphemism for alternative, out-of-town at the part town, cheap and often shoddy, office accommodation; so when a content of the produced the produced the produced the produced the produced the highest returns of any type in the year to mid-1987, with a total office accommodation; so when a content of the produced the produced the produced the produced the produced the highest returns of any type in the year to mid-1987, with a total town, cheap and often shoddy, office accommodation; so when a content of the produced the produced

nation which the major invest-ing institutions traditionally value, since it brings the land

Now he goes further. "I hope that the term will cease to exist. Nobody ever understood what it was supposed to describe, and now that we have a new Use Classes Order and a new B1 business class to accommodate mod-

ness class to accommodate mod-ern industry, perhaps that will fill the gap.

The evidence is that the new business class is getting strong investment support. James Don-ald, a partner in agents Strutt & Parker, is involved in investment and the site purchase, concept and financing of business parks on behalf of Arlington Securities, the property company which the property company which ploneered the genre in Britain.

pioneered the gente in Isrian.

Mr Donald says that occupational demand is still ahead of
investment demand but that he
is having no trouble funding
Arlington's developments with
the best of institutional names—
the IBM Pension Funds being

one of them.

Most observers are also noticing a degree of geographical recovery. Malcohn King says that the industrial investment market

the total investment.

The high land values reflect the fact that rents in the hot spots of the Western Corridor—
the M4 motorway around Reading and Newbury—have risen to between \$6.50 and \$7.00 s square foot for sheds whereas, previously, no one would have entered negotiations much above the \$4.50 mark.

And what about high tech?

entered negotiations much above the \$450 mark.

And what about high tech? funds which will buy, "any-which had previously climbed over each other to buy or build high tech had become very wary to improving too. S & P, says Mr Donald, has just leased a to fine the building on the thought the Sunsyvale, California to Lockheed; and it has agreed terms to lease another of the same size to a major US defence contractor.

entered negotiations much above care to explore them," he says, noting that there are already which will buy, "any-which had previously climbed over each other to buy or build secured and the yield is sufficiently attractive.

Ellis see special situations in the north. "Quite a lot of new town assets are being sold off in Lancashire," says Stephen Hubbuilt, two to three-storey office bard, "and they are getting a look-alikes with good parking good reception. This is coming that there are already which will buy, "any-which had previously climbed over each other to buy or build secured and the yield is sufficiently attractive.

Ellis see special situations in the north. "Quite a lot of new town assets are being sold off in Lancashire," says Stephen Hubbuilt, two to three-storey office bard, "and they are getting a look-alikes with good parking good reception. This is coming basically from the secondary investment market, and from owner-occupiers at yields of 11 to 12 per cent.

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th religence to the declaration of dividend announced on 2nd December, 1987, the flowing information is published for the guidance of holders of stock warrants to bearer. The dividend of 3 cents our unit of stock was declared in South African currency, auth African non-resident abstrationals. The stock was declared in South African currency, auth African non-resident abstrationals. The stock was per unit of stock will be paid on or after 15th February, 1988 against mender of coupon No. 80 detacted from the stock warrants to bearer as under:

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ERTHBLE MEDELMARLE CUMULATIVE PREFEI

DISCLARATION OF DEVIDEND
Dividend No. 7 of 146 cents per preference share for the six months ending 31 December 1987, has today been declared in South African currency, psychole to preference sharehold registered in the books of the congeny at the close of business on 24 December 1987.

Wirranis dated 3 February 1988 will be posted to preference stansholders on or about 2 Rebruary 1988.

By order of the Board per pro CONSOLIDATED GOLD FIELDS PLC London Secretaries Mrs. G.M.A. Glechill, Secretar

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Final dividend No. 149 of 50 cards per share has today been declared in South African currency, payable to shareholders registered in the books of the company at the dose of business on 24 December 1957.
Wanners dated 10 February 1988 will be posted to shareholders on or about 9 February 1988. Indicated to recreasy incisions to possed to shareholders on or about 9 February 1988.

Indicat conditions retaining to the payment of dividends are obtainable at the share transfer one and the London Office the payment.

Indicate for payment of the dividend in South African currency by members on the United governing the payment of the dividend by the company on or before 24 December 1987 in produce yet the company on or before 24 December 1987 in produce with the above mentioned conditions.

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sign is obtainable.

-resident distributions for of 10 per cent will be deducted from the interest payable to state bolies whose registered addresses are optaide the Republic of South Africa.

interest chaptes dated 29 Polymary 1988 will be posted on 22 February 1988.

By order of the board For pito, GENCOR (U.K.) LIMITED London Secretaries L.I. Beines

This announcement is made subject to DHSS closure consultation procedures

9 acre prime freehold residential site available in central London in return for funding or developing a major new hospital facility

Expressions of interest are invited from accredited contractor/developers, or developers in concert with major contractors, who wish to be considered for the redevelopment of a major London hospital (preliminary cost estimate in the region of £80 million, subject to grants) to be paid for by the freehold transfer of 9 acres of land in central London with great potential for residential development, subject to planning and to some on and off site reprovision.

INITIAL EXPRESSIONS OF INTEREST SOUGHT BY 4 JANUARY 1988.

Further details

available on

principals or

their agents.

request to named

ARAB BANKING CORPORATION (B.S.C.) USD 150,000,000 FLOATING RATE **NOTES DUE 2000**

December 8, 1987 to June 7. 1988, the rate of interest has been fixed at 7 7/8% P.A.

The interest due on June 8. 1988 against coupon nr 6 will be \$US 400,31 and has been computed on the actual number of days elapsed (183) divided by 360. THE PRINCIPAL

PAYING AGENT SOCIETE GENERALE **ALSACIENNE** DE BANQUE 15, Avenue Emile Reuter LUXEMBOURG

REMY FINANCE B.Y. FRF 300.000.000 **GUARANTEED** FLOATING RATE **NOTES DUE 1993**

For the three months. December 4, 1987 to March 3, 1988, the rate of interest has been fixed at 8 3/4% P.A.

The interest due on March 4, 1988 against coupon or 5 will be FRF 221,18 and has been computed on the actual number of days elapsed (91) divided by 360.

THE PRINCIPAL **PAYING AGENT** SOCIETE GENERALE ALSACIENNE DE BANQUE 15, Avenue Emile Reuter LUXEMBOURG

Legal Notices

LIMECOURT TRADING LIMITED

JOHN FREDERICK POWELL and CHRISTO-PHER JOHN HUGHES, of Cork Gully, 43 Temple Row, Birmingham, 82 5JT were appointed administrative receivers of LIME-1936812 by Midland Bank Pic on 1 December

IN THE HIGH COURT OF JUSTICE
No. 006967 of 1987
CHANCERY DIVISION
INCHCAPE INSURANCE
HOLDINGS PLC
IN THE MATTER OF:
AND IN THE MATTER OF:
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 30th November 1987 presented to Her Majesty's High Court of Justice for the comfi-mation of the cancellation of the Share Premium Account of the above nemed Com-

party.

AND NOTICE IS FURTHER GIVEN that the said Petrion is directed to be heard before the Honourable Mr Justice Peter Giscon at the Royal Courts of Justice, Strand, London, WC2A 2LL on Monday the 21st December Any Creditor or Shareholder of the said Com-

the time of hearing at persons or by Common methat purpose.

A copy of the said Pethion will be furnished to any such person requiring the earns by the lunder mentioned Solicitors on payment of the regulated charge for the same.

DATED the 8th day of December 1987

Sisupiter & May, 35 Besingrall Street,
London, EC24 508.

Rest. TGF/LT/FMM/PLI-N/K0363

Solicitors for the said Company

Public Notices

The Italian Manufacturers VIVALDI & C.S r.i. 1-38068 ROVERETO (TRENTO) **YIA UNIONE 68 ITALY**

Business

Despite exsistence from the British Consular Separal and the British Chamber of Commerce this debt still remains unpille. Potential & intending Business would be advised to ensure payment from this company before commend-

OWE DEBT TO BRITISH

Music

Royal Philharmoule Orchestra con-ducted by Andre Previn with Jon Kimura Parker, piano. Copland, Rachmaninov and Vaughan Wil-liams. Royal Festival Hall (Mon). (928 3191).

English Chamber Orchestra con-ducted by Jeffrey Tate with Nigel Kennedy, violin. Schoenberg, Bruch and Mozart. Queen Elizabeth Hall (Mon). (928 3191).

Alfred Brendel, plano. Schubert. Royal Festival Hall (Tue).

Orchestra of St. John's Smith Square conducted by John Lob-bock with Alison Hargan, soprano and Richard Todd, horn. Stranss, Queen Elizabeth Hall (Tue).

Messiah conducted by Harry Christo-phers with Gillian Fisher, soprano, David James, counter-tenor, Ian Partridge, tenor and Michael George, baritone St. John's Smith Square (Tue and Wed). (222 1061).

London Philharonic orchestra and choir conducted by Kurt Masur with Edith Wiens, soprano. Kodaly and Grieg. Boyal Pestival Hall

Royal Philharmonic Orchestra and London Choral Society with choris-ters of Southward Cathedral con-ducted by Phillp Ledger and Harry Bramma with Stephen Roberts, baritone. Rossini, Corelli, Rimsky-Korsakov and Honegger, Royal Fes-tival Hall (Thur).

TOKYO

Barbara Hendricks (soprano). Brahms, Faure, Strauss. Tokyo Bunka Kaikan. (Mon) (572 4311).

Tokyo City Philharmonic Orchestra, conducted by Yoshikazu Fukumura. Goncert "exploring the future in music through electronic musical instruments and orchestra". Suntory Hall (Mon). (546 2451).

Tokyo Symphony Orchestra, con-ductor Hiroshi Kumagai, with Hiro-shi Tajika (piano). All-Beethoven program. NHK Hall (Wed). (465 6115).

NHK Symphony Orchestra, conducted by Berislaw Klobucar. Wagner, Liszi. NHK Hall (Wed, Thur). (465 1780). Japan Philharmonic Symphony Orchestra, conducted by Libor Pesek, with Shizuka ishikawa (vio-lin). Schubert, Debussy, Bruch. Tokyo Bunka Kaikan (Wed). (234

(Thur). (403 8011). Pokyo Philharmonic Orchestra. Verdi Requiem. Tokyo Bunka Kal-kan. (Thur). (256 9696).

PARIS .

Margaret Price, soprano recital, (Mon). Theatre des Champs Elysees. (47 20 36 37).

Orchestre Colonne, conducted by Philippe Entremont, Jean-Pierre Rampal, flute: Mozart, Poulenc, Brahurs Salle Pieyel (Mon). (45 63 07 96).

Aldo Ciccolini, piano: Lisza's poetic and religious harmonies. Salle Gaveau (Tue). (45 63 20 30).

A Sei Voci and Ladi Masici brass ensembles: Henri IV's Royal Funeral Music and Eustache du Caurroy Requiem Saint-Germain l'Auxerrois Church (Tue). (42 77 19 90).

conducted by Zoltan Pesko with the Radio France Choir: Kodaly, Bar-tok. Salle Pleyel (Tue). (45 63 07

95). rchestre de Paris conducted by Orchestre de Paris conducted by Christoph von Dohnanyi, Raphael Oleg, violin: Mussorgaky, Sibelius, Tchaikovsky. Salle Pleyel (Wed, Thur 8.30pm). (45 63 07 95). Budapest Symphony Orchestra: Richard Strauss - Viennese Waltzes Salle Pleyel (Wed, Thur 2.30pm). (45 63 07 96). Groupe Vocal de Prauce: Campana, Pablo, Tosl, Ligett Auditorium des Halles (Thur). (43 87 95 80). Bernard Thomas Chamber Orchestra and the Franco-German Paris Choir: Vivaldi, Puccini, Cherubini Saint-Germain-des Pres Church (Thur). (42 77 19 90).

Milan, Chiesa di S. Allessandro, organ and orchestra. Ton Koopman plays and conducts Handel, Mozart and Haydn. (Mon.). (305-26-41).

Milan, Teatro alla Scala. Maurizio Pollini, piano (Mon.). (30-91-26).

Rome, Auditorium in Via della Concilizzione. Matislav Rostropovich conducting Beethoven and Tchaikovsky (Mon and Tue). (654-10-44).

Rome, Oratorio del Gonfalone (via del Gonfalone 32/A). The Gonfalone Chamber Orchestra with violinist Giuliano Carmignola playing Vivaldi and Bach (Thur). (687-59-62)

NETHERLANDS

Amsterdam, Concertgebouw. The Netherlands Philharmonic con-ducted by Henry Lewis, with Zara Nelsova, cello: Dvorak, Sibelius (Mon). Semyon Bychkov conduct-ing the Concertgebouw Orchestra, with Katya and Marielle Labeque, pianos Gries Mondelsochn Strongs

with Katya and Marielle Labeque, pianos: Grieg, Mendelssohn, Strauss (Wed, Thur). Recital Hall: Schubert vocal series (Tue). The Prazak Quartet: Brahms, Beethoven (Wed). Anner Bijsma, cello, and Stanley Hoogland, forteplano: Beethoven (Thur). (718345)

Utracht, Vredenburg, Koyaanisqatsi performed by the Phillip Glass Ensemble (Mon). Lev Markiz conducting the Netherlands Philliarmonic chamber ensemble, with Oleg Maisenberg, piano, and Hakan Hardenberger, trumpet: Keuris, Beethoven, Haydn, Schubert (Tue). The Netherlands Philharmonic conducted by Henry Lewis, with Zara ducted by Henry Lewis, with Zara Nelsova, cello: Barber, Dvorak, Sibelius (Wed). Recital Hali: The Tears of Peter and Paul, a 17th-ceatears of recer and rain, a 17th-century chamber opera by Padbrue with libretto by Joost van den Vondel, reconstructed by Bob van Asperen (Mon). Hannes Wader in

the series Das Lied vom kleinen Mann (Tue). The New Ensemble conducted by Ed Spanjaard, with Jard van Nes, mezzo: Boulex (Thur). (31 45 44)

The Hagae, Philipszal Lev Markiz conducting the Netherlands Philharmonic chamber ensemble, with Oleg Maisenberg, piano, and Hakan Hardenberger, trumpet: Keuris, Shostakovich, Haydn, Schubert (Mon). (60 98 10)

Rotterdam: Doelen. Recital Hall: The Netherlands Chamber Choir under Gustav Leonhardt, with Bob van Asperen, harpsichord: Sweelinck, Huygens, Verrit, Hollander, Monteverdi (Thur). (413 24 90).

Haarlem: Concertgebonw. Lev Markiz conducting the Netherlands Philharmonic chamber ensemble with Oleg Maisenberg, piano, and Hakan Hardenberger, trumpet: Keuris, Beethoven, Haydn, Schubert (Thur). (32 08 94).

Nijmegen, Vereniging, Anner Bilsma, cello, and Stanley Hoogiands, forteplanor Beethoven (Tue). The Academy of St Martin in the Fields under concertmaster Iona Brown. Bech, Corelli, Mozart, Elgar, Janacek (Thur). (22 11 00).

Groningen: Lutherse Kerk. The King's Consort with James Bowman, counter-tenor. Telemann, Bach, Vivaldi, Pergolesi. (Thur). (13 10 44).

Zwolle, Odeon. The King's Consort with James Rawman constends the strength of the Sondheim's Dissend in the Previval, dire and designes with James Rawman constends.

44).
welle, Odeon, The King's Consort
with James Bowman, countertenor: Telemann, Bach, Vivaldi,
Pergolesi (Wed). (21 85 00).

NEW YORK

Juillard Concerts. Marsha Long organ recital: renaissance, baroque and Christmas music (Wed, 12.30); Zoe Hwang soprano: Bach, Mozart, Schumann, Ravel (Thur 12.30). Free, IBM Gallery at 56th and Madi-

son.
Castori di New Yerk, Bart Folse
conducting. James D Wagoner,
Finzi, Buxtehude (Mon). American
Brass Quinteto Coperario, Holborne, Maurer, Ingolf Dahl (Wed).
Lydian String Quartet. Beethoven, Haydn, Steve Mackey
(Thur). Merkin Hall (Goodman
House) at 67th w. of Broadway (362
8719).

Chamber Music at the Y. Jaime Lar-deo, artistic director. Bach, Handel, Bach (Tue). Han Rechtman piano recital. Bach, Beethoven, Recht-man, Liszt (Thur). Kanfmann Hall at 1395 Lexington Av (831 8003).

Musica Sacra, Richard Westenburg Musica Sacra, Richard Westenburg, director, Nancy Argenta, soprano, Neil Rosenshein, Michael Chance, counter-tenor. Handel (Mon). Lincoln Center (Avery Fisher Hail) (874 2424).

New York Philharmanic, Leonard Slatkin conducting Barbara Nissman, plano: Fine, Ginastera, Rachmaninoff (Tue). Lincoln Center (Avery Fisher Hail) (874 2424).

WASHINGTON

National Symphomy, Robert Shafer conducting with the Oratorio Soci-ety of Washington. Handel (Thur). Kennedy Center (Concert Hall) (254 2776).

CHICAGO

Chicago Symphony, Neme Jarvi conducting, Samuel Magad, violing Glazounov, Shostakovich, Prokoflev (Thur). (Orchestra Hall) (425 8111)

The Bover (Mermaid). Jeremy Irons roisters into town in the RSC's Swan production by John Barton of Aphra Behn's rollicking comedy. It plays in repertoire with the Chernoby! play, Sarcophagna, an urgent but clumsily crafted hospital drama. (238 5685/638 8891).

Antony and Cteopatra (Olivier). Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life. (928 2252)

The Phanton of the Opera (Her Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasizing the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. (839 2244, CCS78 6131/240 7200).

The Balcomy (Barbican). Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. (628 8795).

Follies (Shafteshury). Stunning

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly under-mine an old burlesque reunion in a

LONDON

Tate Gallery. Turner in the new Clore Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

Masee des Arts Decoratifs. A King's Table some 400 pieces of 18th century silversmith's work from the court of Denmark conjune

Exhibitions

LONDON

doomed theatre. (379 5399).

Melon (Haymarket). Alan Bates predictably good in new Siruon Gray, clumsily directed by Christopher Moralan, about a lealous publisher viewed in Hashback from a psychlatric ward after a hreakdown. (830 9832).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for chanpagne-swilling yupples: how the hig Bang led to class tunnit and harrow-boy dealings on the Stock Exchange. (835 3028, CC 379 6385).

A Small Family Business (Olivier).

Brilliant new Alsn Ayckbourn play A Small Funity Basiness (Olivier).
Brilliant new Alsn Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (828 2252).

AMSTERDAM

The Woolgatherer (Garden hotel theatre). Lord Greystoke Produc-tions presents a modern comedy by William Mastrosimone directed by

Fences (46th Street). August Wilson hit a home-run, this year's Philizer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221-1211).

Cata (Winter Garden). Still a selious, Trevor Nunn's production of T.S.

Eliot's children' poetry set to trendy music is classic only in the sense of a rather staid and over-blown idea of theatricality. (239

42ad Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large charus line. (977 9020).

A Chorus Line (Shubert). The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage sax Folles (Palace). With some tuneful Jerry Herman songs, Harvey Flerstein's adaptation of the French film manages barely to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2525).

(757 2525)

I'm Not Empaport (Booth). The Tony's best play of 1986 won on the strength of its work-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and froure. (229 6200).

Les Miserables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons

greatest of modern artists, has mounted a riveting exhibition of etchings, drawings and oils mostly from the last five years of Picasso's life. Having practically never been ill. Picasso had to undergo a serious operation towards the end of 1965 (aged 84). During the following year of convalescence, it seems that he brooded, not only about his health but about having lost his verve and creativity. He need not have worried. The exhibition is so full of energy, invention and surprise as to be exhausting. Ends Jan 12. ations of Vinekboons and Savery via the chilly winters of Avercamp, the tranquility of Ruysdael, the golden light of Cayp, the towering cloudscapes of Ruisdael, to the wooded scenes of Hobbema. Ends Ing 3. wooded scenes of Hoppema. Ends Jan 3.
Leiden, Rijksmuseum voor Oudheden. Manuscripta, books and maps spanning 1,000 years of scientific imagination and knowledge.

Ends Jan 17.

the Service a la Francaise, 107 Rue de Rivoli (42803214). Closed Mon and Tue. Ends Jan 3.

Picasso's Drawings. Coinciding with the publication of a catalogue of Picasso's drawings belonging to the Paris Museum, an exhibition of 136 drawings retraces the panorams of the artist's creation. There is his early work of academic perfection confronted with daring shortcuts preparing cubism. Musee Picasso (427 12521). Closed-Tue. Ends Jan 4. 4. Centre Georges Fompidon. Lucien Freud chose the 63 paintings for his first retrospective outside England. Apart from a portrait of Francis Bacon and a series of portraits of his first wife, the exhibition is dominated by his figurative nucle portraits of the last 20 years. Closed The. Ends Jan 24 (427 71233).

WEST GERMANY

PARIS

Petit Palais, Ave Winston Churchill;
Musee d'Art Moderne de la Ville
de Paris, Ave President Wilson.
Five Centuries of Spanish Art. An
ambitious ensemble of four exhibitions retraces the history of Spanish art from the Golden Age to
today. The two most important
exhibitions are El Greco To Picasso
at the Petit Palais and Picasso's.
Century at the Musee d'Art Moderne. Both exhibitions are closed on
Mondays and both end on Jan 3. Munich, Staatsgalerie Moderner Kunst shows sculpture from East Germany. A result of the cultural agreement of May 1986 between East and West Germany, this exhi-bition covers four decades in 130 acultures some lesses then 116 sculptures, some larger than life, and about 60 paintings of sculptures by 51 artists, it offers a view of graphic works that have not even been seen in East Germany before Ends Jan 3, Mannheim Stadische Kunsthalle from Jan 23 to Feb 21. Grand Palaia. The Grand Palais is staging the first retrospective of Fragonard in collaboration with the Metropolitan Museum, New York. About 100 paintings and as many drawings celebrate the artist's love of beauty, in which he saw a manifestation of "nature's perfect health" Ends Jan 4.

Minaich, Kunsthalle der Hypo-Kultur-stiftung, Theatinerstr. 15: Rene Magritte 1836-1967. This is the first extensive retrospective of the Bel-gian surrealist shown in Germany. Ends Feb 14.

ITALY

Rome, Vills Medici (French Academy). Picasso - the last years (1968-1973). The French Academy, proprietorial as ever towards the

Milan, Palazzo Reale. Eighteenth Century italian landscapes from private collections organised by the equivalent of the British National Trust, the Fondo Ambiente Italiano. Ends Jan 17.

NETHERLANDS

Amsterdam, Van Gogh Museum. The complete graphic work of Tou-louse-Lautrec. Ends Jan 17.

Austerdam, Art Institute. 48 key impressionist and Post-Impression-ist works from the Courtaild collection tour America with paintings by Cezanne, Manet, Benoir, Seirat and Gauguin. Ends Jan 3.

Amsterdam, Riftsmuseum Printroom. As a pendant to the survey of landscape painting in the main galleries, the printroom is showing a fine selection of 100 17th century drawings devoted to the theme of Land and Water. Ends Jan 3.

Amsterdam Historical Museum. Conhotels from 1860 to 1914. Ends Jan

Amsterdam Rilksmuseum. A sweep-ing view of 17th-century Dutch landscape painting, with more than 100 works by over 50 artists tracing the development of the genre and its ofishoots from the dense cre-

in pageantry and drama, if not strict adherence to its original source (238 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation. New bridges and American scenery to distract from the hackneyed popmusic and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of

fe and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmailon, this is no classic, with forgettable songs and dated leaden-ness in a stage full of characters. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft sctor preferably British. (947 0033).

deft actor preferably British (986 0033).

The Makabharata (BAM Majestic). Peter Brook's nine-hour interpretation of the world's longest poem inspired the refurbishment of an old Brooklyn vaudeville theatre to accommodate it for a three-month stay as part of the Brooklyn Academy of Music's New Wave Festival. Ends Jan 3 (947 5859).

WASHINGTON Light up the Sky (Arena). The revival of the Moss Hart comedy features theatre people waiting for the opening-night notices of their latest masterpiece. (488 3300)

Macbeth Every so often, a Shakes-peare production is staged that

MADRID

Fundacion Juan March. Mark Rothko 1903-1970 includes 54 works by North American artist of Rus-sian origin grouped with de Koon-ing and Pollack. This show was seen recently at the Tate in Lon-don. Castello 77. Ends Jan 3.

NEW YORK

Metropolitan Museum. 200 objects from the Age of Sultan Suleyman the Magnificent demonstrate the wealth and skills at the high point of the Ottoman empire in the sixteenth century through the large selection of illuminated manuserints. The innerial wanderly

selection of illiminated manu-scripts, the imperial wardrobe, ceramics and lewel-encrusted weap-ons. Ends Jan 17.

Center for African Art. Angles on African Art features ten co-cura-tors, ranging from an African tribesman to collector David Rocke-feller, each of whom chose ten of their favourite pieces making a

well-rounded and diverse show.
Other curators are writer James
Baldwin, artists Nancy Graves and
Romare Bearden and curator WilHam Rubin. Ends Jan 3.
Jan Kreugher Gallery. This new gallery is inaugurated with 60 Cubist
works by Picasso from the Marina
Picasso Collection with two decades
of maintings describes elected.

of paintings, drawings, sketch-books, collages and prints from 1907 to 1926. Ends Dec 10. 41 E. 57th, 6th floor.

makes one revise and a view of the play. That such a rethinking should be occasioned by a production in japanese is nothing short of miraculous. Not only has Yukio Nimagawa transposed the play from medieval Scotland into the world of the Jipanese samurai, but he has brought in it an oriental sensitivity and sense of pictorial values that transcends all language barriers. With its blood red sun and falling cherry blossoms, this is indeed one of the most achingly beautiful thestrical experiences of our time. Following its triumph at the National Theatre, London, this revival in Tokyo is an unforgettable experience. Imperial Theatre (Ends Dec 28), (201.7777)

Rabuki (Kabuki-m.). At ipm a 'new' play incorporating elements from existing dramas and based on the story of the 47 leyal retainers adapted, directed by and starring Kabuki's greatest showman, Enosuke, a specialist in speciacular stunts and quick-change, routines. Excellent English earphone commentary. Ends Dec 25 (541 3131).

Bunraku (National Theatre). The pupper theatre is one of Japan's most refined art forms. Each doll has three operators who remain in sight of the audience throughout the performance. Their presence is soon forgotten, however, as the nirrator at the side of the stage unit dis the story to the accompaniment of the shamken, a stringed instrument. Earphone commentary

WASHINGTON

National Gallery. A Century of Mod-ern Sculputre, the Patsy and Ray-mond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 3,

TOKYO

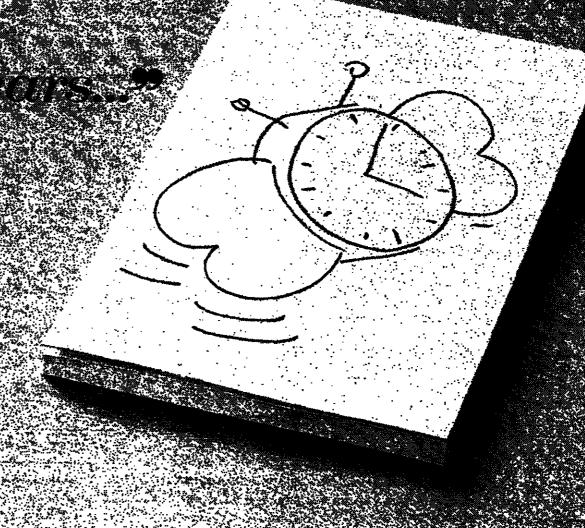
Azaba Museum. Edo Pastimes: this exhibition of screens, scrolls and exhibition of screens, scrolls and paintings with works by courtesans in the old Yoshiwara Pleasure Quarters of Edo (now Tokyo) evokes the colourful and lively leisure pursuits of an era when the Japanese were not obsesses with work. Ends Dec 25. Closed Mondays.

100 News Scenic Spots in Tokyo. A modern version of the series of woodblock prints by Hiroshigo. The spots were selected by popular vote among Tokyo's citizens and the metropolitan government then commissioned leading artists to denier them is all to watercolour. commissioned leading artists to depict them in oils or watercolour. The quality of the work is uneven but the exhibition offers a lascinat-ing insight into what the Japanese consider picturesque. Worth seeing also for the Teien Museum itself, a former private residence with a lovely garden and one of the world's finest art deco interiors. It is rarely crowded either. Tokyo Metropolitan Telen Art Museum near Meguro. Ends Dec 22.

Manga-Art. Japanese manga (comic books) are read avidly by children and adults and there are those who make claims for them as an art form. Certainly the heat manga artists are skilled designers and story-tellers in visual form. This exhibition features drafts by 15 young artists, focussing on manga that poke fun at news events. Gallery Sanshindo, Ginza. Eads Dec 20.

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It's hardly surprising that Pictionary is America's number one selling game. Unlike many games that keep you on the verge of being entertained, Pictionary is more fun more of the time. It's undiffuted entertainment.

Pictionary is played in teams against the clock so everybody is involved. No two games are the same and it can be as silly or as sensible as you like! It's like characles but with drawing instead of acting. And that's where the fun really begins.

TT DRAWS BURROONE IN

Cinema/Nigel Andrews

Huston's daughter breathes life into 'The Dead'

The Dead directed by John Hus-Spaceballs directed by Mel

The poetry of fateful coincidence decreed that the last film John Huston made before he died was The Dead. At the Venice Film Festival this coincidence was too Festival this coincidence was too much for some. They sat moisteyed and rapt during this 78-minute last testament, culled from the great James Joyce story about lives and souls interweaving in turn-of-century. Dublin: and then they came out in a state of walking collapse, hoarsely crying "Masterpiece"

Masterpiece be blowed. And I would not be so rude to the dead, nor to The Dead, if I believed fluston would have responded

Huston would have responded any differently to overpraise. The old cider would have raised a snowy eyebrow, dimpled his leathery cheeks and pronounced a short, possibly colourful, term of dismissal.

The Dead is a hit-and-miss chamber movie the in sack.

chamber-movie, shot in sack-cloth browns and for much of its time reverentially stagey. A mostly Irish cast (including Donal McCana, Donal Donnelly, Maire Kean and Dan O'Herlihy) traverse Joyce's tragic-funny tale of lost dreams, missed love and memories swapped across the supper table. The extended family gathered on a snow-mantled New Year's Eve in Dublin, 1904, boasts a wastrel son, a pair of elegaic old biddies, a timid piano virtuosa, a whiskery uncle and a married couple or two — includ-ing the pair (Donal McCann and Anjelica Huston) who finally seize and occupy the story's tragic heart, discovering in the evening's aftermath the lovelessness of their own marriage.

Even in these two characters the film's unsupposed in myst.

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sion. If this piece of acting were a piece of music, it would be marked "maestoso." It would also be marked masterpiece.

Brooks
Little Downt directed by Christine Edzard
Dancers directed by Herbert
Ross
The poetry of fateful coincidence decreed that the last film John discovers, too late, that he is sup-posed to have been carrying the emotional weight of a movie. The final scene of pared marital souls naked to the snows of eternity - Huston's own voice reads
Joyee's ringing coda over
motionless winter landscapes builds to too little because it builds from too little.

> The film soars most when Huston's large cast celebrate not the disenchantments of middle age but the defiant exuberances of old age. Maire Keen isps lifting wisdom from her pinched apple cheeks: Dan O'Herlihy rumbles like a whited sepulchre shaken by gusts of life: and blithe stories of great opera tenors are batted to and fro over the steaming roast goose. Best of all, and tearmovingly, a little old aunt trills out a party-place Rellini aris out a party-piece Bellini aria ("Arrayed for the brida!") in a voice like silvery change hurti-ing from a too-long idle fruit ma-



Huston, in a last interview, described The Dead as Lacework rather than on a broad loom." If you spent 50 years, you would not find any lace-work in Mel Brooks's Spaceballs. It more resembles someone trying to embroider a feature-length movie comedy with unlimited and unwieldy yards of Potty style music.
This all looks - for critics at

tragic heart, discovering in the evening's aftermath the lovelesses aftermath the lovelesses aftermath the lovelesses and its like are senses of their own marriage.

Even in these two characters the film's unevenness is manifest. Miss Huston (Oscar-honour) is a marvel. She carries her father's marvel. She carries her father's amount and then ends its marvel. She carries her father's about "galaxies far, far away" and then ends its mountainous ogre called Pizza the Hutt, Brooks himself as a quirky range and sad Celtic pes.

Star Wars and its like are with cute princesses, yuppies the viewer sits aghast as a starry cast – Alec Guinness, Joan Greenwood, Max Wall, Eleanor Bron, Robert Morley, many more ideas that ought to work (Joan far away" and then ends its mountainous ogre called Pizza the Hutt, Brooks himself as a quirky range and sad Celtic pes.



Angelica Huston and Donal McCann in "The Dead"

seconds later, a long-bodied a baseballs in a well-buttered space-ship in the encrusted mitt.

Sagging attention is briefly today starts passing the camera, its hilariously interminable progress alleviated only by the familiar bumps and grinds of sci-ficent bumps are bumps a today starts passing the camera, its hilariously interminable prog-ress alleviated only by the famil-iar bumps and grinds of sci-fi-

least - like sweet revenge for long hours spent Lucasing around the cosmos in company

hatted song-and-dance on the counter. But once past this gem, you can safely turn the light off in your intelligence and go into

lighting have to be seen to be pitied. The same bits of paint-and-canvas wall seem to double up, or treble up, in different streets and houses. And the only way you can tell if it is morning, afternoon or early evening, is if the uniformly flat lighting (most of the film is studio-shot) gives a token twitch of dimness, brightness or colour. By contrast, you can tell if it is night by the fact that you can scarcely see anything at all. (Eat a carrot beforehand.)

One concludes that the film

One concludes that the film tried to make back by technical economies what it boldly - and for the most part vainly - over spent on the cast. The only acto to justify such spending in the three hours I saw, is Derek Jacobi. Lumbered with the thankless role of Arthur Clen-nam, Dickens's ageing hyenile lead, he puts all his imaginative muscle and expressive rubato into the part. He creates a seam of gold in a movie that is elsewhere sadly un-alchemised, a tenton block of cinematic lead.

Dancers is no better, but as least it is shorter. And funnier. Sarah Kernochan wrote and Herbert (Nijinsky) Ross directed this earnestly impassioned ballet hokum, in which Mikhail Bar-yshnikov is the ageing dancer-choreographer about to hang up his leotards. Will his last appearance, in his own staging of Giselle somewhere in Italy, be memorable?

You betcha. Just as in the ballet, our rakish hero's cast-off loves come back to haunt him on performance-day and he learns the truth about his own cynical Don Juanism. Can he reform, himself? Will he ignore the cooings of adoring nymphet Julie Kent ("You're the greatest person I've ever stood elect to") person I've ever stood close to") and learn from the reproofs of older flame Lesley Browne ("All the years have gone by and you haven't got mature somehow"). In short, it is perestroika on points: daft, but well-danced and

Rihm's Oedipus/Berlin

Andrew Clark

Wolfgang Rihm has had two new operas premiered in the past eight months, an indication of his prolific creativity and popularity in the major West German houses. Hamlel-Machine was first seen in Mannheim in May. Now comes Oedipus, a 90-minute one-act work described simply as "music theatre" and commissioned Gotz Friedrich on behalf of the Deutsche Oper in West Berlin. Friedrich himself had provided a powerful staging drawing on the best of his company's casting resources and using a geometrical stage design by Andreas Reinhardt. The work comes over as a bleak intellectual parable about self-discovery along the path of life.

Rihm draws on three literary sources: Holderlin's German version of Sophocles, a fragment of Nietzsche and the 43 lines of Hei-

sion of Sophocles, a fragment of Nietzsche and the 43 lines of Heiner Muller's Oedipus commen-tary of 1966. This classical-tocontemporary spectrum is picked up coherently in Friedrich's stag-ing, which strives in masterful style to overcome the inherent lack of action and dramatic coning, uncompromising severity, and the raw directness of its musical language suggests a step back from any of Rihm's previ-ous Romantic leanings.

stone editice that could have come straight from Vienna or Munich. The restoration of the Schauspielhaus, standing at the centre of an incomparable Schinkel cityscape, is complete, and unlike the hotel, the interior lives up to the impressive facade. As several Western touring orchestras have recently discovered few of the world's convert ered, few of the world's concert halls can match the rectangular

proportion, the natural resonance and jewelled beauty of the Schauspielhaus. It deserves a better resident band than the a wordless women's chorus, and makes considerable use of taped voices. The male voices are grouped at the side of the stage like a Greek chorus. The soloists' music is predominantly Speech. like a Greek chorus. The soloists'
music is predominantly Sprechgesung and high-pitched arioso.
The orchestra is of chamber proportions, with a piano, a small string section, wind and a vast percussion palette, which keeps six players busy throughout. The production producting and staging was primitive, whereas Le Nozze di Figaro, a recent Kupfer staging, was a joy to behold. The production had a traditional look on the surface, and showed scant concern for the finer points of tures that reminded me of the Mozart style. But the performance had an urgency and inner vitality that conquered all. The stage had depth and atmosphere,

ecki, only less crude and more economical.

Several musico-dramatic stage had depth and atmosphere, and was superbly lit. Kupfer strokes stay in the memory, among them a highly-animated woodwind interlude in which social politics. There was much buttoning of his father in woodwind interlude in which social politics. There was much Oedipus' slaying of his father is humanity and comedy. The recalled in mime. But most Susanna, Dagmar Schellenberpotent of all is the moment ger, was the only voice that where Oedipus stabs his own would travel well; but most faseyes, and the musical depiction contains of all was the Count as of his blindness in the poignant, portrayed by Roger Smeets, a directionless interweaving lines gaunt waspish young rake who of two violins. Rihm certainly swept the stage with almost balknows how to hold his audience.
But in spite of these and other signs of skilled musical calculation, I cannot say I enjoyed, liked greater than the sum of its parts, or even admired Oedipus. It I have never enjoyed Figuro so second to me to be too much of Much. emed to me to be too much of much,

Saleroom/Antony Thorncroft Adam & Eve top lot

made in bronze, in South Germany, around 1520 perhaps by Leonhard Magt, sold for £143,000 at Sotheby's yesterday in a European works of art auction. Both figures are over nine inches high, and gloriously naked and had been part of the collection of the late Rudolf von Gutmann, who sacrificed it to the Nazis during the way but later during the war but later

reclaimed it.

It was the top lot in a sale which totalled \$1,514,8109 in the morning session but with 18 per cent unsold. One major lot failed to find a buyer: a pair of Venetian renaissance allegorical portrait busts in marble, of the mid 18th. 16th century and attributed to Alessandro Vittoria. They were bought in at £115,000 but, as is usual these days, there were negotiations after the auction and they are likely to find the sum of the sum of

and they are likely to find a buyer near this price. The London dealer Cyril Humphries paid £132,000 for a Florentine bronze bull by Antonio Susini, after Giambologna, made around 1640. It has been in the collection of Cardinal Richeleu and afterwards belonged to King Louis XIV. It was sold off after the French Revolution by the hard up Directoire.

the French Revolution by the hard up Directoire.

A marble group of the infant Hercules by Ercole Ferrata but obviously inspired by the sculptor's master, Algardi, sold for \$110,000 to Hewat-Jaboo, another London dealer. A French bronze figure of Neptune attributed to Michel Anguier who was active in the mid 17th century, made \$93,500. It is almost 20 inches high and gave rise to many imitations. Kugel, another dealer, acquired a rare bronze figure of Venus made in Germany around 1580, It had been in the collection of Lord Clark

Spink two gon hetatis wo do in least wo vice-Admiral Sir Thomas Duckworth for bravery at St Domingo in 1794 sold for \$52,000. One medal was large, and one small. Only two large medals were given for heroism during this engagement. Christie's sold continental furniture for \$586,047 in the morning session, with 24 per cent bought in. The top price was \$46,200 paid by Partridge of London for a set of four neo classical Swedish white painted and gilded arm chairs from the 18th century. A German walnut bureau of the late 18th century made \$27,500.

Adam and Eve in all their glory, and was sold by his executors. A against a £15,000 top estimate, paid by Danny Katz of Londonm for a Paduan bronze medal of a rearing horse from the workshop

Southeby's achieved a record for Yuan ware on Wednesday in New York when a blue and white dish of the 14th century decorated with a carp sold for \$602.575 in an aution of Chi-

dynasty.

A VC awarded to Captain Ray-nor for gallantry at the Delhi Magazinem, during the Indian

Research opportunities diminishing,

\$602,575 in an auction of Chinese ceramics and works of art. It is rare to find a dish of this period with such a naturalistically painted fish design. Top price in the Chinese ceramic sculpture from the collection of Lillian Schloss, which totalled \$216,204, was the \$39,167 paid

Mutiny of 1857, was bought back by his family at Spinks yester-day for £11,000. Raynor is remarkable for being the oldest ever recipient of the VC. He was about 69 at the time. Also at Spink two gold medals awarded to Vice-Admiral Sir Thomas

warns British Library

demic libraries were unable to definic libraries were thanke to afford to subscribe to all the necessary learned journals and books was given yesterday by Mr Kenneth Cooper, Chief Executive of the British Library when introducing the Library's annual report.

The warning that research ment for 1988 to 1989 bringing it opportunities in the UK were up to \$54m will not make good being diminished because acathe effect of a \$5m fall in fund-

ing in real terms over the past A research study indicated from the Government: the that the cost of academic publications had risen by 72% in the from 1993. Also the British past 5 years, way above the Library has been successful in increase in grants. Researchers raising its income from selling its were holding off from studying data to almost \$80m this year. It in new areas because of worries in securing the necessary source material. Even the British Library had acquired 30% fewer salvation Army), and it amounced yesterday the donation of the Eleanor Farieon tionof the Eleanor Farieon The 6% rise in the British papers donated by the writer's Library's grant from the Governneice.

Sturdy Beggars/The Place

Martin Hoyle

The Medieval Players juggle, tumble, indulge in slapstick, stilt-walk, play music and sing in the course of their dramatic archeology. But primarily they revive and revivily the plays all students of the theatre have heard of but almost never get the chance to see. Their repertoire dates from the anonymous fifteenth-century trail-blazers — the English Mankinds, the Dutch Blassed Apple Tree and the French Pathetin — and ranges through Tudor interludes to Shakespeare and Calderon, plus their own adaptations of Chaucer and Rabelais. Gratitude for these neglected cornerstones of our culture must be tempered with caution. Much of the interest attending John Heywood's The Pardoner and the Friar, for instance, which makes up part of

pany run the interminable harangues from each of the Thatcherite entrepreneurs sorry, I mean Renaissance rogues — simultaneously, and a shouted jumble results. It cuts the running time of this duel between unctuous holy beggar and quack unitacle worker, but leaves us wondering if it was all worth doing at quite such length in the first place. The climax, when the rival swindlers unite to beat up the local curate and a phlegmatic heighbour, provides some slap-stick rough and tumble which must go down a treat in inti-mate, less formal surroundings.

ing and ragged strollers, anx-lously ingratiating themselves with the audience and occasionally cudgelled when they fluff a trick by Neil Salvage's burly bearded bully.

Mr Salvage is Chaucer's Miller to the life, and the first hour of an evening that could with their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at The Piace, near minutes consists of sometimes their offering at the piace, near minutes consists of sometimes the piace, near minutes consists of sometimes the piace of the piace, near minutes consists of sometimes the piace of the piac unadulterated, unmodernised original, be warned - accompanoriginal, be warried - accompan-ied by a puppet show complete with lovely little props (censer, chamber-pot, diamond-leaded window, red-hot poker - you remember the story?). Carl Heap directs besides tottering on stills. juggling with flaming Indian clubs and singing excellently, as the whole group does, early but jolly music (Music Director, Giles Lewin). At the Place all this week, the Beggars pursue their vagabondage to Sudbury and Richmond next, where I hope the right environment and a properly uproarious audience await them.

WEST GERMANY

BBCSO/Festival Hall

Dominic Gill

One's heart goes out, however, to the players as they biff and bounce to dead silence in the two-thirds empty auditorium; schools, colleges or, ideally, smoke-filled taverns are their proper venue.

That said, the four actors are remarkably proficient, as is the violinist Anna Hemery who takes part in the byplay before and between the main works. Language at a minimum, the cast conveys a company of starving and ragged strollers, anxof Mozart's symphony no.33 importance to the impact and immost important textual detail, neatly executed, and overwhelm-industry executed, and overwhelm-industry executed. ingly anodyne.

imagination. Or so I judge from the 3-hour part I, an experience so excruciating that wild Dicken-sian orphans would not drag me

back into a cinema for Part 2.

Gunter Wand, who should have conducted, was indisposed, and his place was taken at short notice by Eliahu Inbal from Frankfurt. I have not yet heard by Inbal's new recorded series of Mahlas areas and accorded series of the series of Mahler symphonies with the Frankfurt Radio Orchestra: and I trankfirt Radio Orchestra: and I do not suppose for a moment that they may necessarily be as elegantly dull as his performance on Wednesday of Bruckner's Third. Perhaps it is quite simply that Mr Inbal and the BBC Symphony do not click. Whatever the cause, Mr Inbal did not manage illuminate the crossections. age illuminate the score (played in the composer's first definitive version of 1873) in the way that Wand might be expected to have

it is not an easy symphony to rejuvenate: did any composer ever hold on to so many single chords for so long without ever doing anything surprising with

the score was not enough to con-South Bank

at Christmas The Joan Collins Fan Club returns to the Purcell Room from December 27~31 with a new outrageous extraganza Uncanny and Unnatural.
For children during the same

entertainment

period but at 3.30 in the Purcell Room, Tim Bat, The Three Headed Door Man Man, Palfi the Clown and Jolly Wally will be in residence as part of the "It's Magic" season on the South

December 11-17

Hoofdstad Operetta company in Strause's Wiener Blut directed by Dick Trop and conducted by Martin Malzer (Tue to Thur). (45 84 44). The Scapini Ballet Company dance Tchaikovaky's Nutcracker, with the Brabant Orchestra conducted by Jan Stuten. Wed in Arabem, Schouwburg (42 27 41). Thur in Eindhoven, Schouwburg (11 11 22).

NEW YORK

Metropolitan Opera (Opera House).

Manuel Rosenthal conducts Die Fliedermans in Otto Schenk's production with Barbara Daniels, Judith Blegen, Tatiana Troyanos and David Rendall; Marek Janowski

Arts Guide

Roy Weskin, Anna Hemery, Carl Heap and

(top) Kevin Walton

Continued from page 24.

Exhibitions LONDON

Boyal Opera, Covent Garden: As its festive-season offering, the Royal Opera brings back l'Elisir d'Amore with Yvonne Kenny, Denes Gulyas, Enzo Cara, and Gino Quilico. Last of the current Tosca revival, well cast (Marton, Wixell) but very lamely conducted by Ginseppe Sinopoli (240 1056).

English National Opera, Coliseum. The new, eagerly-awaited production by David Pountney of Ramel and Gretel has Mark Elder as con-

ductor, Ethna Robinson and Cath-ryn Pope in the title roles, and Felicity Palmer (doubling mother and witch) and Norman Bailey also in the cast Further performances of two Jonathan Miller productions the Malia-style Rigoletto, in its last-eyer run, and the limp, unfunny new Barber of Seville, with Della Jones's Rosina the most important saving grace, (858 3161).

Kirov. The temple of classical ballet has brought, with Swan Lake and Giselle, a revelation: the couple Farouk Ruzimatov and Altynai

Assylmuratova. Palais des Congres (426 62075) until Jan 10.

Jiri Kylian and the Nederlands Dans Theater perform to music by Stravhisky, Mozart and Debussy until Dec 18, to music by Toru Takemitish, lannis Jenakis, Minku, Mozart and Jon Hassell until Dec 20. Theatre de la Ville. (427 42277).

Norma alternates with Macbeth at the Paris Opera.

Norma atternates with Macceth at the Paris Opera.

Don Glovanni conducted by Lothar Zagrosek with Francois le Roux in the title role and Helene Garetti as Donna Elvira in Oslo Opera's dynamic production by Goran Jar-vefelt at the Opera Comique. (428 6081)

WEST GERMANY

Berlia, Deutsche Oper. Hansel und Gretel stars Karan Armstrong, Janis Martin, Barbara Scherler and Gerd Peldhoff. Oedipus, composed for the Berlin Opera, will be conducted by Christof Prick. Also The Nutcracker choreographed by Rudolf Nureyev. (34 381).

Hambarg, Staatsoper. Le Nozze di Figaro is a joint project between Hamburg and Salzburg Mozarteum. The cast includes Linda Plech, Deborah Massel, Ralph Houston and Peter Galllard. The Nutcracker and Endstation Sehnsucht are choreographed by John Neumeier. Don Pasquale has fine interpretations by Hellen Kwon, Paolo Montarsolo and Urban Malmberg. (35 11 51).

Cologne, Opera, Hansel und Gretel has Andrea Andonian and Teresa Bingholz in the main parts. Hellen Kwon repeats her much praised Queen of the Night in The Magic Flute. (20 751).

Frankfurt, Opera, John Cage's opera Enroneras 1 & 2 will have its pra-

Frute (20 761).

Frute (20 761).

Fruthfart, Opera. John Cage's opera Europeras 1 & 2 will have its premiere this week. Faistaff is steered to triumph by Louis Quilico in the title tole. Cosi Fan Tutte has a new cast led by Clarry Bertha, Marianne Rorbolm, Missuko Shirai and Rodney Gilfry. (25 621).

Munich, Hayerische Staatsoper. La Forza del Destino stars Julia Varady, Judith Forst, Kurt Moll and Wolfgang Brendel. Hans Werner Henze's Undine, chorcographed by Tom Schilling. Madame Butterfly is also being staged.

ITALY

Tails. Teatro Regio. Don Giovanni conducted by Miklos Erdelyi and directed by Luigi Squarzina, with Renato Bruson singing the title role, alternating with Martin Egel. Also in the cast are Engenia Modoveanu, Daniela Dessi, Silvia Bal-

eani, Stafford Dean and Raquet Pierotti. (58 30 00).

Florence, Teatro Communale. Franco Zeffirelli's production of La Boheme, conducted by Carlos Kleiber, with Mirella Freni and Cecila Gasdia alternating as Mimi, with Chris Merritt and Jonathan Summera (277 9236).

Trieste, Teatro Communale Giuseppe Verdi. La Figlia del Reggimento conducted by Carlo Rizzi and directed by Filippo Crivelli, with scenery and costumes by Franco Zeffirelli. In the cast are Luciana Serra, Aldo Bertolo, Rosa Laghezza and Domenico Trimarchi. (83 19 48).

and Domentoo Trimarchi. (83 19 48).

Milan, Teatro alia Scalla, Don Giovanni, in what promises to be an outstanding production, directed by Giorio Strehler and conducted by Riccardo Muti, with Thomas Allen in the title role. The figures and isndscapes in Ezio Frigerio's sets have been botrowed from the Venetian painter Bellotto. Costumes by Franca Squarciapino. Also, The Nuteracker in Rodolf Nureyev's version, with scenery and costumes by Nicholas Georgiadis, danced by Antia Magyari and Charles Jude. (80 91 26).

Rome, Teatro dell' Opera. Alicia Alonzo's Ballet Nacional de Cuba conducted by Alberto Ventura. (46 17 55).

NETHERLANDS

Amsterdam, Muziektheater. The
Netherlands Opera with Cendrillon
by Jules Massenet, directed by Gilbert Deflo. The Netherlands Philharmonic conducted by Henry
Lewis, with Stephanie Friede,
Robynne Redman, Rita Gorr and
Wendy Hill (Tue). The National
Ballet with Ashton's Cinderella
(Thur). (25 54 55).
Amstelveen, Cultureel Centrum. The

and David Rendall; Marek Janowski conducts John Dexter's production of Die Entfuhrung aus dem Serail with Zdzislawa Donat, Erie Mills, Gosta Winbergh and Matti Salmines. Fabrizio Melano's new production of B Trovatore is conducted by Richard Bonynge, with Joan Sutherland, Fiorenza Cossotto and Laciano Pavarotti; Franco Zeffirelli's production of Tosca is conducted by Christian Badea with Eva Marton, Sherrill Milnes and Italo Tajo. Lincoln Center. (382 8000). WASHINGTON Joffrey Ballet (Opera House). This Robert Joffrey production is done in collaboration with Gerald Arpino, Richard Englund and George Verdak with scenic design by Oliver Smith and costumes by John David Ridge. Ends Dec 27. Kennedy Center. (254 3770).

TOKYO

Iso. Return visit to Tokyo by four members of New York's Momix Dance Group, Ginza Saison Theatre



FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Friday December 11, 1987

Elections in Hong Kong

THE DESIRE of the British Government and its colonial counterernment and its colonial counterpart in Hong Kong to maintain
good and stable relations with
the Chinese Government in
Peking is in danger of engendering a shabby disregard for the
interests of the 5m people of
Hong Kong - a danger well articulated this week by a delegation
from the colony which came to
London to urge democracy London to urge democracy

before it is too late. The most important achievement of the lobbying has been the decision of Sir Geoffrey Howe, the British Foreign Secre-tary, to consider a parliamentary debate on Hong Kong soon after Christmas. MPs should insist that time be found for this so discussion of the future of Hong Kong's residents can be held in the best forum, the British House

The Commons has an important duty towards the people of a free and thriving colony shortly to be integrated into a China which is neither free nor particu-larly prosperous. As the protestations of the Hong Kong Govern-ment that it has the best interests of its citizens at heart sound increasingly lame, British MPs of all parties should take it upon themselves to ensure nothing goes by default in the last years of the colony and that the rights and aspirations of the Hong Kong people are defended

and promoted.

Hong Kong will return to Chinese sovereignty in 1997 when the British lease expires. Under the Sino-British accord of 1984 the colony-will become a Special Administrative Region of China, with the retention of its capitalist system and structures guaranteed for at least 50 years under China's ingenious 'one country, two systems" proposals.

Improving democracy

In addition the new SAR will have substantial executive, legis-

variety of interpretations, clarifying detail was deliberately left issue of contention is how to all this it must ensure the issues improve democracy in Hong do not slide off stage. The Hong Kong by moving towards more Kong delegates who went home direct elections, most impor- last night should keep Westmin-

(LEGCO) which is empowered to enact legislation. It is at present a mixture of indirectly elected and appointed members with Sir David Wilson, the Governor, as

The British Government's starting point was enthusiastic support for moves towards west-ern democracy based on one man, one vote. The Hong Kong Government's stated view was the same. But Peking's virulent opposition to western-style democracy appears to have made the avoidance of a diplomatic incident a higher priority for London and Hong Kong than the

pursuit of democracy.

The consequence has been obfuscation. The colonial government published a confused green paper in May. Residents had until the end of September to comment. A special Survey Office published an analysis of these responses last month which was greeted with derision. Its conclusion that a majority. favoured direct elections to LEGCO, but not necessarily in 1988, was widely criticised as being the result of muddled questioning and methodology. The most damning indictment came from the Hong Kong Statistical Society, which said the tical Society which said the entire survey was fundamentally

World spotlight

If the Hong Kong Government wishes to regain some credibility, the best approach would be to go onto the offensive, announcing direct elections for some LEGCO seats in 1988. Next February's white paper on political reform should state clearly that the directly elected proportion will increase in successive elec-

Peking should be told plainly that Hong Kong citizens will be given as much democracy, free-dom and self determination as possible before 1997. If there is have substantial executive, legislative and judicial autonomy, with individual, social and political rights guaranteed under a Basic Law, currently being drafted in Peking.

The problem is that these fine words are capable of an infinite variety of interpretations: clari-

try, two systems claim.

The British Parliament has a tantly to the Legislative Council ster up to the mark.

Next challenge for Mr Haughey

the economy. Unlike his prede-cessor, Dr Garret Fitzgerald, he has managed to convince many of his compatriots that fiscal retrenchment is the only viable course for the nation. The March Budget coupled significant spending cuts with painful tax increases. Further retrenchment is planned for the rest of the 1980s. The Government is committed to stabilising the ratio of public debt to GNP, which has grown explosively in the past decade.

The creditable - if nascent - attempt to reduce public indebtedness has been accompanied by progress in other areas. Ireland will probably run a small current account surplus next year. This contrasts with an external deficit equivalent to 11 per cent of GNP as recently as 1982 and reflects a

strong recovery of exports.

At the same time, inflation has been brought down to around 3 per cent. The reduction is particularly important for Ireland because it means the punt's EMS parity can be held without strain and without significant loss of trade competitiveness. The reduced risk of exchange rate losses, the trade turnaround and the Haughey Government's commitment to austerity have certainly boosted confidence among overseas investors who this year have purchased sizeable quanti-ties of Irish pound denominated

Fiscal profligacy

It would be a mistake, how-ever, to think that the Irish econony is yet firmly on the road to recovery. Teachers - a powerful lobby in Ireland - have been vig-orously opposing education cut-backs in recent weeks. The opposition parties on which Mr Haughey depends for support are showing signs of wavering in their commitment to fiscal retrenchment. Yet if the Government were unable to follow up this year's health cuts with education cuts in 1988, the fragile

consensus in favour of susterity might begin to unravel. The scale of the problems yet to be tackled is highlighted in an OECD survey of Ireland out today. Ireland has always been much poorer than the UK, but the economic fortunes of the two countries have diverged mark-edly since the early 1980s. Real spending cuts.

MR CHARLES HAUGHEY, the GNP fell by more than 4 per cent in Ireland between 1981 and ning plaudits for his handling of 1986; real domestic demand by 7 per cent. Emigration, the tradi-tional escape route for the young from Ireland's periodic depressions, has accelerated markedly and wiped out all natural growth of the labour force. Unemploy-ment has soured to 19 per cent despite the labour outflo

Latin-American style borrow ing in the 1970s and early 1980s lies at the root of many of the problems. It is difficult for an economy to show any buoyancy when public debt is 50 per cent higher than GNP and interest charges absorb 30 per cent or more of tax receipts. But fiscal profligacy is far from being fregular only economic priestle. land's only economic mistake, as the OECD is at pains to point out. It therefore follows that Mr Haughey's retrenchment drive, even if it can be sustained, will provide only a partial remedy.

Repatriated profits

ireland also needs to imple-ment a series of radical strucment a series of radical struc-tural reforms, particularly in the field of tax and social security. Since 1979, the average real old age pension has risen 25 per cent while the after tax income of the average worker has declined by 10 per cent. This is welfarism running out of control. Yet while disposable incomes have fallen. disposable incomes have fallen, real labour costs for employers have risen by 20 per cent partly because of higher social security taxes and other levies on labour

as a factor of production.
Industrial policy continues to
discriminate in favour of capital. Subsidies and virtually tax-free profits have attracted foreign multinationals, which now account for 80 per cent of non-food manufactured exports. But the foreign companies employ little labour, the outflow on account of repatriated profits easily exceeds the inflow from EEC grant money. Other distortions abound: farmers, for example, on a per capita basis, pay only roughly a quarter of the taxes of ordinary employees. Property is almost untaxed.

Ireland is likely to prosper only if fiscal restraint is matched by structural reform. The big challenge for Mr Haughey is to create a constituency in favour of this kind of reform in a countries. try that is still keen on corporation. It should not be any harder than persuading people to accept,

Peter Montagnon looks at the latest round in the row between US and European aircraft makers

I GET SLIGHTLY irritated. complains Sir Raymond Lygo, chief executive of British Aero-space, "when people like Boeing who are sloshing around in their monopolistic profits actually start to criticise us...We have nothing to defend and nothing to hide. We can't hide anything.

We're a public company."

This remark from the head of one of the European Airbus con-sortium's four partner companies betrays the continuing deep the continuing deep resentment in Europe over US efforts to curb what it alleges are unfair Government subsidies on Airbus aircraft.

Airbus aircraft.

Efforts to prevent these subsidies leading to a damaging trade war will again be the focus of attention in Brussels today, when Mr Clayton Yeutter, US Trade Representative, and Mr Willy de Clercq, his EC counterpart, meet for the next round of the long drawn-out Airbus squabble.

squabble.

Officially billed as a progress review of detailed bilateral negotiations launched in late October, today's Brussels talks had until recently been seen as the make-or-break meeting on the Airbus or-break meeting on the Airbus issue. Now, however, officials say they are likely to produce no more than an agreement to continue talking. The underlying issues are still too complex for quick solution, and the price of failure is too great for the search to be absordered. to be abandoned.

to be abandoned.

At the core of the dispute is the fear of the two US airframe manufacturers, Boeing and McDonnell Douglas, that their business could be jeopardised by Airbus because of its access to government funds. The problem for Airbus - the consortium includes Aerospatials of France includes Aerospatiale of France, Messerschmitt-Boelkow-Blohm(MBB) of West Germany and Casa of Spain, as well as British Aerospace - is that, even after 17 years and, by US indus-try calculations, around \$12bn (\$6.7bn) of government support, it could not survive if the subsi-dies were cut off.

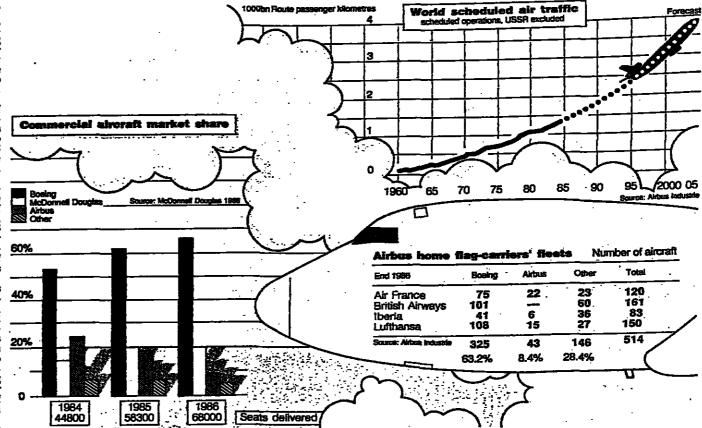
The dispute is not just about the fortunes of a handful of high-profile companies. The argument also affects a multi-billion dollar market which, according to Airbus Industrie, will be worth more than \$400bn worldwide over the next 20 years. National prestige, and particularly a European desire not to be left behind in the technology

race, are at stake.
Senior international trade officials admit privately that a trade war over Airbus could be violent enough to undermine the Uru-guay round of multilateral trade liberalisation talks now under way at the General Agreement on Tariffs and Trade(Gatt), especially as general tensions have risen with the collapse of the dollar in exchange markets. "it would be like throwing lighted matches in a dynamite factory," says one official.

Recognition of the danger was

clearly one factor behind the joint decision on October 27 to look for a negotiated solution. The aim is to foster what the ministerial declaration called "a for civil aircraft trade."

Similarly, as officials have been locked in negotiation in the run-up to today's meeting, both Boeing and McDonneil Douglas have been careful in their public have been careful in their public statements to deny that their aim is to drive Airbus out of business. They say they simply want it to be forced to operate on a normal commercial footing. This would oblige it to charge higher prices for its aircraft, but its US competitors claim that the market would sustain such an market would sustain such an increase.



Airbus tries to clear the turbulence

threat to Boeing Mr O.M. Rusty" a tight rein on Airbus funding Roetman, vice-president for the US believes that Germany international business says; and France do not. Its impressible of a bottomless coffer "There's a potential competitor that can come in after the fact and cut prices at zero risk to itself." Mr John McDonnell, president of McDonnell Douglas, adds that the success of the planned MD-11 long-range airliner, on which his company has staked the future of its civil air-

National prestige and a European desire not to be left behind in the technology race are at stake

craft business, is predicated on the assumption that the rival Airbus A-340 will not be priced Although at a commercial level

the argument is all about prices, developed into a legalistic and den indirect subsidies from the complex debate about subsidies. US Government through the which, according to the Gatt work they do in the military sectode on civil aircraft are permitted provided they do not distort.

Boeing's Mr. B

the mood to compromise, he says. From a British Aerospace point of view everything we and the British Government has done Warning that a subsidised Air-bus is a long-term potential the Thatcher Government keeps

which will be used to keep Airbus afloat, come what may

Airbus itself prefers to describe the government money it receives as loans. But, to the intense frustration of the US, it publishes no figures of its own, claiming that all necessary data are available from the accounts of its individual partners. All highes will do extensically is to Airbus will do categorically is to deny the US accusation of deliberate undercutting.

"If we were really underpricing, do you think any airline would hesitate about buying Airbus?" a spokesman says. The US started the game of lowering its prices to levels where sometime can't follow."

Over the last few months the air has been thick with similar accusations and counter-accusations. Europe argues that as long as a US company like Boeing controls as much as 70 per cent of the worldwide market, there can be no question of trade distortion arising from subsidies. Besides, US manufacturers receive billions of dollars in hid-

ted provided they do not distort.
the market.

Boeing's Mr Roetman retorts:
We have never had a handout
on a commercial plane from the
Lygo's indignation. "I'm not in US Government." He says military revenues are much smaller than the Europeans think, and besides, the four European Airbus partners derive substantial revenues from military business. Launch-aid assistance is all well

some stage be forced to become profitable. The consortium says it will do so by the mid-1990s, but no one has seen a plan as to how you get there."

reconcile opposing views, two essential ingredients to a solution have emerged in talks between officials. However, both are much more difficult to agree in practice than they are in the

 The first is that payment of subsidies should be made more transparent so that it would be easier to tell if the agreed rules were being flouted.

 The second is that a way must be found to impose greater discipline on Airbus finances, but not to such a point as to drive it out

After the October 27 decision to look for a negotiated solution, European officials thought they had achieved a basis for reason-able discussions. But they were an abrupt and total end to all subsidy payments, including those on existing product "Including those on existing product those on existing product lines. To the US, nowever, this would set a dangerous precedent for other industries. It could uitimately be used to negate the entire advantage of dollar depreciation.

A further bone of contention is market finance.

European negotiators insist that they have a right under Gatt to subsidise Airbus and are not seeking any special privilege or exemption. Moreover, they believe that any solution will have to provide some scope for

and good, but Airbus should at subsidies to continue on existing

because of the decline of the dol-lar, which many consider has made the whole dispute much more problematic. US dominance In recent weeks as the two of the world market means that sides have groped for a means to reconcile opposing views, two essential ingredients to a soluction have emerged in talks hetween officials However both hetween officials However both in the world market means that aircraft are priced internation-duction costs, but Airbus costs are in steeply rising European

> The Europeans insist they have a right under Gatt to subsidise Airbus and are not seeking any special privilege

The EC now argues that there must be a clause in any final agreement allowing governments to compensate for what it believes are the exceptional diffi-

A further bone of contention is the question of transparency. The US has been seeking infor-mation on Airbus accounts going back several years, but to Euro-pean negotiators this is simply the thin end of the wedge. "Why should be reveal things just" because there's a certain curlos-

ity?" says one official. The Euronean view is that enhanced transparency agreed on its part should be matched by similar information on indirect subsidies from the US. Any new rules on subsidies should be respected by the US as well as Europe.

Though the US regards the disnough the US regards the dis-pute as essentially a bilateral one, European officials are wary of any agreement that smacks of the notorious Japanese/US semiine notorious Japanese/US semi-conductor agreement which has been roundly condemned in international trade circles as market-sharing and has led to protests from other countries. Even if the final deal involves an agreed interpretation of the Gatt aircraft code rather than a com-plete rewriting, the Europeans insist that any new rules should be adopted and enforced multi-

An abiding worry is that in the longer term Japan could emerge as a potent force in the world aircraft industry. Europe does not want to have its hands tied to have the standard bidden. then, by anything agreed bilater-ally with the US now.

A multilateral agreement, which would also involve the US in accepting discipline over its own indirect subsidy process, would be a tall order for Washington. In Geneva last week, the EC's Mr de Clercq told a press conference that some progress was being made, but only time will show whether the two sides can be reconciled.

If not, a trade war might break out, either because the Reagan Administration decided of its own volition to initiate trade action, or - and this is regarded by many experts as the greater danger - because it would be forced to do so after a trade complaint solving redress under US plaint seeking redress under US trade laws was filed in Washington by one or other of the two main US airframe companies.

*Our lawyers argue that we have a very strong case, says Mr Roetman. Boeing, he adds, has a case ready for filing if need be. Because of the competitive clash between the MD-11 and the A340, McDonnell Douglas is gen-erally assumed to be facing greater short-term pressure from Airbus. Mr McDonnell denies that it is equally prepared to file a complaint, but he makes it plain that it is thinking along

What is holding the companies back from such drastic action is the lear of what could happen if a trade war were unleashed. It is not just a question of Boeing and McDonnell Douglas being cut out of the European market by sanc-tion and counter-sanction. The aircraft industry is an interna-tional one. Component suppliers on both sides of the Atlantic could be sucked into the conflict at great overall cost to the indus-

For example, over 30 per cent the Boeing-767 involves non-US parts, including tailplane and wing flaps, which, as Sir Raymond Lygo points out with a touch of tetchy irony, Boeing buys from the subsidised Aeritalia concern. Airbus says more than 500 US companies are involved in its programmes.

This market is a world mar-

ket. No company can be success ful selling only into its home market. If we really get into a trade war it would be very diffi-cult for all of us, says Mr McDonnell.

On the other hand time is pressing and US manufacturers are impatient for progress at today's meeting. "If they (the Europeans) keep stonewalling, we may be forced to do some-thing that nobody wants, says Boeing's Mr Roetman.

Cover change at **Allied Dunbar**

A end of an era in the British life assurance industry came this week with the annoucement that Mike Wilson is to become group chief executive of Allied Dunbar group as from the beginning of

Mark Weinberg.

It is 25 years since three South
Africans, Mark Weinberg, Sid
Lipworth, and Joel Joffe, lawyers
by training, arrived on the life
assurance scene with the launch
Africans, Mark Weinberg, Sid
Lipworth, and Joel Joffe, lawyers
by training, arrived on the life
assurance scene with the launch
of Abbert Life

ance industry.

The trio is stepping down from
the active running of the company. Sir Mark Weinberg, who is
deputy chairman of the Securities and Investments Bocurities and Investments Securities and Investments Securities and Investments Securities and Investment Securities Buring the intervening period,

we have seen an actuary domi-nated industry, with its emphasis on valuation and bonus distribution, transformed into a product marketing driven industry, with the emphasis on sophisticated product design backed by top class administration systems.

Mark Weinberg and his team, first at Abbey Life then at Hamphers I for force Ablied Dunbar Legisla (now Abl first at Abbey Life then at Hambro Life (now Allied Dunbar),
developed the potential of the
unit-linked life contract in UK
life assurance - a concept that
had been put forward a few
years - wison in crarge or interketing and Leitch in administration.

Wilson's long-term alm is to
get Allied Dunbar into Europe,
where he feels that it can repeat
the pioneer job for European
financial services.

Next he revolutionised the marketing of life assurance, Mext he revolutionised the marketing of life assurance. Luminaries of the computing introducing the concept of a world gathered in Cambridge direct sales force, known as assolates, who were not employees grand old men of the discipline of his company but tied under a speak at a dinner to mark the sales agreement.

In private for indepth training University's computer denorther than the sales agreement.

sales agreement.
In return for in-depth training University's computer department financial back-up from the life company, the associate channelled the vast majority of his business back to his tied company.

50th anniversity of Cambridge Of Cambridge

salesman is the current bogyman of the established company pensions industry and trade unions.

But never has there been any Equipment. He has now returned criticism of the salesmen's to become a founder member of the participations. knowledge, or the back-up service provided by the company.

Their ultimate triumph is that their methods, widely criticised at the time, have now been computers, and can discuss with

Men and Matters

next month, taking over from Sir widely accepted by the life assur-Mark Weinberg.

remains as executive chairman, while Joel Joffe becomes deputy chairman in succession to Sid Lipworth who departs to new pas-tures as chairman of the Monop-

years - Wilson in charge of mar-keting and Leitch in adminstra-

Computer time

pany.

This service was backed by top class administration in an industry where service at times has been something of a joke.

Allied Dunbar's rivals have castigated the salesmen in a variety of ways – the Allied Dunbar wilkes, who has been expensive the current bogyman described as a Galileo of computations.

equal fluency the monster systems used during the last war, and the latest matchbox-sized microprocessors.

Among a few spicy remarks he pressed home a case for individuality in research projects. Too

many British companies, he sug-gested, would rather instruct esearchers than learn from

Another baron

The German journalist who mistakenly called him Herr Murdoch" may be forgiven.
For Robert Maxwell, the UK media magnate and football club owner, was in fighting form about his rivel press baron while in Frankfurt this week.

Surprisingly, Maxwell took particular pleasure from the news of a record-breaking

news of a record-breaking DM850m (\$280m) order for German colour printing equipment just placed by News Corporation, Murdoch's main company.

According to Maxwell, Murdoch had doubted his earlier decision to buy the same German presses on the grounds that colour printing would not be that important.

important. Maxwell went ahead with a

Maxwell went ahead with a DM650m order nevertheless, and News Corporation would now have to wait three years for the Maxwell presses to be supplied before its order could be completed. "I hope I will get a big commission", Maxwell joked. But the last laugh belongs to Peter Bruett, a managing board member of MAN Roland, the commany which manufactures member of MAN Rolling, the company which manufactures the equipment. His group has now managed to clinch both deals - the DM650m sale to Maxwell (then a record-breaker), and now the even bigger Murdoch sale – which may eventually top and has more than 150 members the DMIhn mark if options are from national and regional news-

Maxwell, almost bursting with ideas for satellite television ventures across the globe, also

scored a goal with the news that Patrick Cox, deputy chairman and chief executive of Sky Chan-nel, the UK-based satellite TV group which broadcasts to much of continental Europe and is majority-owned by Musdech's majority-owned by Murdoch's News group, is quitting to start working for the Maxwell group from January 1st.

As for football, one of his other loves, Maxwell made clear to had no interest in a Control of the control

the had no interest in a German club. Eintracht Frankfurt (Frankfurt United) whose simi-larity to the famous Manchester team goes beyond its name to identical red colours, is having another good season.
But unlike its more mercurial

UK counterpart, it shares the honour with only three German counterparts of never having been relegated from the first division. German reliability

Editors out?

One result of the current glare of publicity being thrown on to the D-Notice system of newspa-per self-censorship on security matters is that editors themselves are thinking about it alresh – and wondering whether it may have outlived its useful-

More than 150 newspaper. radio and television editors were told yesterday they should think about pulling out of the system
(a joint arrangement with the
government) in the wake of the
government's court move against
the BBC.

the BBC.

The call comes from the Association of British Editors which wants its members to reconsider their participation in D-Notices.

James Bishop, chairman of the association, and himself on the D-Notice committee, says "In its frustrated attempts to silence some people like Peter Wright, the government has been turning more and more against the ing more and more against the media, forcing editors into the courts to defend the basic right courts to derend the basic right of freedom of the press. It is going for the wrong target. The Association of British Edi-tors was formed three years ago papers, television, radio, and magazines.

Observer

Our new management structure supports our partners. And our partners service our clients.

CHESTERTON IS CHANGING

nternational levels, Chesterton is fast becoming one of the most significant commercial property networks. New challenges and changing

narkets demand innovative ideas, and not least in a firm's organisational systems. Chesterton has created a new management structure that provides support for every partner enabling them to focus their specialist professional skills on dient services.

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54 Brook Street, London W1A 2BU Telephone 01 499 0404 tertun: London - City, Docklands, Mayfair, West End.

WHILE President Ronald Reagan and Mr Mikhail Gorbachev were signing the INF agreement in Washington, a small protocol was signed in Moscow designed to facilitate exchanges between British and Soviet journalists. That is why a few of m are here being told about glasmost — openness — and perestroika—the radical restructuring of

Soviet society.

Some of the discussions have been remarkably frank. One is left with the impression, how-ever, that the reforms are backed mainly by a group of intellectual elites who see them as the only way of ending the Soviet Union's long period of stagnation. They are aware that they are being introduced dangerously late and have doubts about how far. it. will be possible to implement them. Moreover, new obstacles to reform are being discovered all the time and there is some evi-dence that the general public has become so set in its ways that it does not want change, at least of the kind presently on offer.

The best way of illustrating these points is by describing a visit to the sociology department of the Soviet Academy of Sciences. It is a great irony that Karl Marx should have been one of the worlds first procedurers. of the world's first sociologists. yet that in the Stalln era sociol-

POLITICS TODAY

Where opinion polls are a novelty

By Malcolm Rutherford in Moscow

logical Investigations of the Academy of Sciences, did his early work on the origins of linguistics and says that he still looks to his first professors, who specialised in antiquities, for his imes still is.

That is would be regarded as overkill by why it was dismissed as a bourguistics and says that he still second to Dr Batygin, some specialised in antiquities, for his times still is.

One of Dr Batygin's principal findings is that there is considerable resistance to perestroiks.

specialised in antiquities, for his inspiration and his method. The result of suppressing sociology was that the Soviet authorities deprived themselves of the means of knowing what was going on among their own people and why. Now that the new authorities would like to know more there are not enough event.

Now, however, polling is quite extensive. Mr Batygin and his colleagues reckon that an average of 1.5m Soviet citizens must be polled in a year. Some of it is done by other academic institute of the countries of the second of the countries of the second of the countries of the second of the seco pie and why. Now that the new anthorities would like to know more, there are not enough experienced sociologists around to find out. Besides, what the sociologists who do exist are discovering cannot be good news for a reforming Mr Gorbachev.

So far as one can see there is

findings is that there is considerable resistance to perastroiko, even among people who initially say they are in Iavour. In one poll, 80 per cent said they supported it. Then he started thinking about what that might mean and asked further questions, In another poll, support was down to 60 per cent; nearly 40 per cent of young workers and young members of the intelligentsia were either against it or registered as don't knows.

ogy was regarded as a bourgeois science and virtually disappeared in the Soviet Union.

So far as one can see, there is nothing wrong with their methodology. True, when sociology is spiratitioners to be only at a transitional stage. Few sociology lecturers took their degrees in that subject. Mr Gennady Batygin, deputy editorin-chief of the bi-monthly Socio-

what the polls showed was sim-ply the bureaucrats blaming the

rigidity with which views are it is there, held that is striking."

These are early days for firm conclusions, but what Mr Baty-gin thinks he is finding is that there is a major block to change in the Soviet mass psychology. The view that everybody must be equal has taken such root that it will be very difficult to challenge. It applies particularly to salaries. He says that he has discovered that the Soviet people do not really work for money,

trends that are dominant and the but do the work simply because

What they cannot accept about 1984. the idea of encouraging private enterprise, which is part of perestroika, is that some people will become rich. Most of the people eccentric. On the contrary, he have money to spare, but they seems to be in the mainstream of do not spend it because they the reformers. Much of what he have become used to buying said was echoed in conversations something that is practically with others. There appears to be given away rather than good no organised opposition to peresenough to be sold at a market troika, just a kind of lethargic price. They cannot understand resistance outside the elites. The the idea that an individual opinion polls produce supporting should be responsible for his evidence for that thesis should be responsible for his evidence for that thesis.

own fate. "The privateer," Mr Batygin says, "is rejected by mass Soviet psychology becaushe is free.*

.0

His views on economic policy are that Soviet society will only be saved by private enterprise which, he claims, is not incompatible with being a good Marxist. When he wrote that, he received hundreds of letters demanding his resignation or expulsion from the party.

The next issue of his publication will include an article blam-ing the shortage of books in the Soviet Union on the writers, the reason being that royalties are paid whether the books are sold or not, so there is no incentive to

What he is really saying about What he is really saying about everything, however, is that the bulk of the Soviet people have been used for so long to having only one opinion that they cannot easily contemplate choices. There may be, he says, a kind of bifurcation or split consciousness, whereby people hold a different opinion privately, but it is not one that will come out in public. George Orwell, he suggests, was right when he wrote about "doublethink" in his novel 1984.

I have dwelt on Mr Batygin at



ASTERIX THE GAUL is back on

the warpath. With his faithful

fat companion Obelix, the cham-pion of bande dessite - or the comic strip - is breaking publish-ing records with his latest adven-

ture as easily as he demolishes legions of Romans.

end of October, the latest Asterix book, called Asterix Chez Raha-

zade, has proved a record breaker with 5.6m copies sold in

16 languages. In France, a sec-

Since it was launched at the

五二章 June 元 でいた。 担 (対) こうちょ

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Asterix – the comic with the magic potion

In West Germany, more than 2.2m copies have been sold.

This is good news for bands essue, which in France is considered the ninth art after the cinema and television. After flourishing in the 1970s, the comic industry has become troubled in the last few years as rapid market growth led to the quality of new comic strips often failing to meet expectations.

Asterix has come to the rescue. Asterix Chex Rahazade will be published in the UK in March, with an initial sales expectation of 165,000 copies in hardback, paperback and a pocket edition. Eventually, the publishers believe that the sales worldwide will be even more than the 7.5m total reached by the book's pre-decessor, Asterix and Son, published in 1983. Since the first Asterix book appeared in 1961, with an initial print run of only 6.000, the whole collection has totted up sales of 190m.

totted up sales of 180m.

answers are to be found in the latest story. This time, Asterix sets off with Obelix and Cacofo-acters like Asterix and Obelix. and his companions are a peacesets our with Obelix and Cacolo-nix, the village bard, with a fakir on a magic carpet to India. The story has a strong flavour of the tales of Sherazade (hence the pun Chez Rahazade) and the Thousand and One Nights as well as Around the World in Eighty Days and countless other exotic adventures

Asterix's mission in the new album is to save the beautiful princess Rahazade from the clutches of a wicked guru. Like the previous stories, the adventure draws heavily on the Gallic characteristics of its heroes and their explosurable. French characteristics of the heroes and their archetypally French chau-vinist reaction to foreign surroundings. All this comes with a healthy dose of puns and gags, against a background drawn freely from all the cliches of the

It is undoubtedly the Frenchness of Asterix which is the theories to explain the phenome- itself on the formula of appeal-

acters like Asterix and Obelix.
You still see them every day in France driving their Renaults, wearing their berets, eating garlic and baguette and drinking the state, in this case the wine and Ricard, cursing their concierge and all foreigners. It is no accident that the heroes of historical explanation for the states of the strip. Asteriy was Asterix possess a magic potion success of the strip - Asterix was which makes them invincible born in the golden years of Genand that Obelix's favourite line eral de Gaulle's "La France". But

Rene Goscinny and Albert Uderzo conceived the Asterix idea for a magazine called Pilote launched in 1959 to counter the American comic strip invasion. They wanted, above all, to create a French character, explains Philippe Durand, publishing director of Edition Albert Rene, which now publishes the Asterix books. There have been all sorts of

and print run of 400,000 copies What, then, is the secret of main reason for the comic strip's non. The Frenchness of the char-has been added to the initial 2m. Asterix's success? Many of the steady and continuing appeal. acters, bringing out the best and

is: "They are crazy" - meaning Mr Durand acknowledges that those Romans, Britons, Belgians this does not account for the or anyone who is not French. impact elsewhere in the world.
Today Asterks is up with TinTin,
easily in the lead of the European comic strip league. The biggest markets for Asterix are France and West Germany which each account for a third

of sales.
Perhaps another reason for our success is our wide appeal, stretching from children to adults of all ages, says Mr Dur-and. Just as TinTin has sold

ing to seven to 77-year-olds, the publishers of Asterix say their albums appeal to nine to 99-

Asterix is one of the smallest but most successful multinational ventures in the world. After the death in 1977 of Goscinny, who originally wrote the text, his partner Uderzo decided to continue the sags of the little Ganl, taking on the writing as well as the drawing. He formed Edition Albert Rene as an independent company devoted entirely to Asterix. Headquartered in a flat in the Avenue Victor Hugo in Paris, the com-pany has gone on to break new

The latest book, for example, was launched simultaneously in 16 countries - a publishing first. Moreover, the huge translation task involves the particular headache of how to preserve the Gallic character and style.

The title alone of the latest book stretched the translators' imaginations. We simply could

Trade Finance and the

not translate the French pun Chez Rahazade into other languages," says Mr Durand. Thus in the UK, the book will appear under the title of Asterix and the Magic Carpet.

Puns often pose problems. The name of every character is a play on words. Cacofonix the bard is Assurancetourix (comprehensive Assurance policy) in the original French and Vitalstatistix, the village chief, is Abraracourcix (short arms) in French. The princess Rahazade becomes princess Orinjade in English and her companion Seurhane will be called Lemuhnade. The fakir called in French Kicah (Who) will be more faithfully translated will be more faithfully translated

But while the books (28 adventures have so far been published) remain the principal activity of the publishers, the company has also branched out into other fields. Asterix has been a plent the Util latest pulses even a best star. His latest release even beat Rambo at the West German box



The latest venture is the construction of a FFr700m (£69m) Asterix theme park in Picardy. Due to be completed in the spring of 1989, in time for the bicentennial celebrations of the French Revolution, it will have a three-year start on the Eurodis-neyland to be sited outside Paris. Asterix will thus have another chance to come to the rescue of .new American offensive.

Paul Betts

Crockford's Preface

From Mr Peter Wood. analysis of the Crockford's Pre-face (December 10) focuses - as does the Preface itself - on Anglican liberalism understood as a "Kidglove-Cocksure," unprincipled approach to theological and

pastoral issues.
However, for non-Anglican outsiders, what Dr Bennett's Preface is describing for much of the time is a curious blend of classical, conservative, political behaviour with a variety of characteristically English forms of social affectation - something that in Dr Bennett's essay seems to me to merge or even to be confused with liberalism.

The clearest example occurs in Dr Bennett's admittedly controverted account of the operation

verted account of the operation verted account of the operation of the Crown Appointments Commission "the complex power game... played out with momentous consequences." What Dr Bennett makes clear is the lack of any rationale to the selection process and the way instinct and habit dominate at the expense of explicitness. "It is never made clear how the names

Letters to the Editor

The phenomenon is easily recognisable in Dr Bennett's description of the influence of the House of Bishops, based - he says - on "deference, patronage and self-recruitment." I suspect, but may be wrong that ilberal. but may be wrong that ilbera-ism is not "fearful of asserting authority." as John Lloyd sug-gests, "because to do so would unmask it," but because instinct, habit and the confident expectation of deference, make it unnecary to do so.

Peter Wood, Newbold Farm Duntisbourne Abbots, Cirencester, Gloucestershire

Record rights need protection

tion process and the way instinct and habit dominate at the expense of explicitness. "It is never made clear how the names are arrived at, nor how far it to the Copyright Bill in respect (the list of names of candidates for the episcopate) has previously been discussed with the archbishops, etc.

As a churchman once remarked to a friend of mine who asked him innocently how bishops came to be bishops. "It's something indefinable called breeding," adding, with a dismissive glance at my friend: "You either have it or you haven"t."

From the Managing Director of RCA Records.

Sir, in addition to the inade-quacies of the proposed reform the Total Control, of the absence of a tape levy and the Tight of record industry finds itself having to fight a rearguard action in protecting its rights against the proposed changes in the Broadcasting Act.

Perhaps it is time to register the scope and scale of the industry which is threatened in this way. In 1985 the UK record industry generated \$2.15bn - and From the Managing Director of

ings of £395m. (These figures take no account of earnings other than those derived from the sale of records and tapes.) It employs 26,000 people - directly and indirectly, mostly on the retail side. It is a world leader in

of world sales are UK-owned.

The music industry - which remains in some circles an enfant terrible of the leisure industry - is a mature, efficient and competitive business on a worldwide basis. It accepts the accelerating pace of technological change in music carriers like compact Disc and DAT. as well as the notential explosion in with manages. as the potential explosion in with menace broadcast and narrowcast media. All it asks is that these new businesses are not built at its

1 Bedford Avenue, WC1 Some things do

From Mr C.S. Guest. Sir, As one of the original readers of *The Dandy*, Raymond Snoddy's article (November 28) on the 50th anniversary of that

expense.
John Preston, not change

comic filled me with nostalgia. Leesons Hill,
As a matter of interest I did Chisleharst, Kent

some research to see what else was going on at that time. Reporting in the Manchester Commander Stephen

King-Hall wrote:
"Week by week the curves of economic activity in the United States sag downwards and the values of securities fall. Such is the influence beyond the US of her economic activity or stagna-tion that when Wall Street is in collapse, the values of English industrials in London sag heavily, even though the compa-nies concerned are showing increased profits. This remarkable and irritating fact is simply a proof of the realisation by Longenerating copyright success in the world market: although it represents only 6 per cent of the world market, about 25 per cent of world sales are UK-owned.

a proof of the realisation by London of the serious consequences to the whole world which would be inevitable if the US were to decline into a big slump." decline into a big slump."

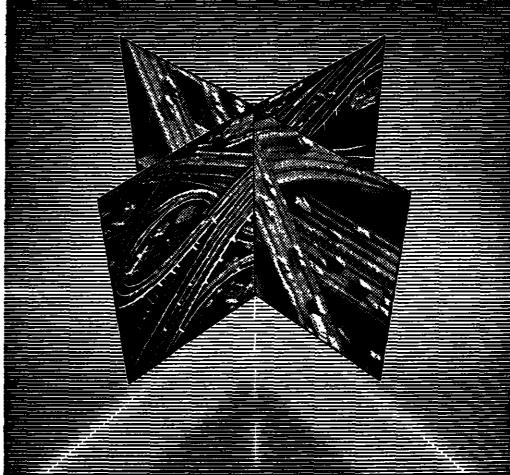
Like Desperate Dan, some

A demand made

From Michael Spinks (12h)
Sir, If Mr Thomson is giving a party for Desperate Dan next year ("Half a century of The Dandy and The Beano," November 28). I think we should also have one for Dennis the Menace. Someone will make a cake. Every Dennis fan could donate fifty something, maybe pounds for a children's charity, and it would help people as well as be fun. Michael Spinks,

Tantons

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well as other commercial and investment banking services - consider using the experience of one of the world's leading banks.

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There are other ways of keeping the lights on

From Mr Alex Henney.
Sir, I should like to correct some misleading impressions given by Mr John Baker, managing director of the Central Electricity Generating Board, in his article "How best to give power to the people," where he argued that we should keep the CEGB intact.

First, it is not correct that consumers in England and Wales pay less for electricity than most of those in the US. In 1986 the average domestic tariff in the UK was 5.62p/kWh com-pared with 7.79c/kWh in the US, which is 5.19p at \$-\$1.5 or 4.68p

Second, it is not correct to state that there has not been separation of the transmission grid from generation in any country. The now defunct Central Electricity Board was created in this country in 1926 to construct the grid, to run it, and to rationalise the assertions the CEGB is the assertions the CEGB is the assertions to the 1970s. country in 1926 to construct the grid, to run it, and to rationalise plant owned by a couple of hun-dred utilities. The Board coped with the Second World War, the postwar generation and fuelshortages, and the winter freeze of 1947. Given the condition then of the generating stock, these were greater achievements

every year by the disaggregated US system) and the miners strike, both of which Mr Baker strike, both of which Mr Baker mentions as an alleged benefit of the CEGB's integrated system.

In making these points - and insinuating that separation is more likely to lead to "voltage collapse and blackouts" - Mr Baker is trying to scare an ill-informed public and timid politicians into a conviction that the lights will go out without the CEGB (I wonder how many people realise that we only had a miners strike because we have a national monopoly CEGB supplied by a monopoly British Coal which in turn was exploited by a which in turn was exploited by 2.

and dispatch the generating repeatedly making in the 1970s plant owned by a couple of hundred utilities. The Board coped with the Second World War, the higher if it had had the competitions the competition of the competiti tence to be able to build plant in anything approaching planned time. It has only got down to 24 per cent by decommissioning 12500MW of plant (more than 20 than coping with the recent hur-per cent of what it owned) this ricane (a problem dealt with decade.

Some of that plant is economic to operate at current coal prices, would have been retrofitted in the US or Sweden, and some of it was probably scrapped to help make the case for Sizewell. Having decommissioned this plant, the CEGB is also trying to scare us that we need to build 12,000-13,000Mw by the end of the century. It is insinuating that no other body is likely to be able to build it, so it should continue to exist. We live in an odd world where an entity justifies its con-tinued existence as necessary to

rectify its past mistakes.

Finally, it is not correct to say that the US is setting out on:
having divergent views."

paths that the CEGB first;
explored 50 years ago. In New
York State there is an integrated;
tors and customers realise the power pool between the seven magnitude of possible cost ties. The pool was set up after tion and competition there the blackout in 1966. It does all would be more competition that the CEGB's much vaunted based on seperate distribution integrated system does: its: companies, transmission companies, planned surplus margin of 18 percent is lower than that of the CEGB; and its computerised dispatch system is more advanced than that of the CEGB (which was severely criticised by the Monopolius and Monters Companies. Monopolies and Mergers Commission earlier this year for tak. Alex Henney, ing twice as long and spending 38 Swains Lane, No.

\$95m to develop a system budgeted at \$19m).

Currently, both the Federal Energy Regulatory Commission and Congress are conducting hearings into how further to develop competition which is increasing apace. Last August the Wall Street Journal carried a saries of articles on Schonning series of articles on "Shopping around for a better electric buy." In a keynote speech last June the chairman of the Edison Electric institute, the trade association of the private utilities, looked to the future under the heading "Take it or cleave it," which he noted means "split into groups having discrete titles.

private, one state-owned, utili- savings from vertical disaggregaworld.

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Friday December 11 1987

Tokyo trading volume slides 60%

on the Tokyo Stock Exchange in November plummeted by more than 60 per cent compared with the previous month as a result of the October collapse in equity

While Japanese stockbrokers remained confident yesterday that the volumes would recover in the new year, the figures underline the non-committal attitude of most of Japan's large institutional investors in the

From 24.5bn shares traded in October in Tokyo, volume fell to pust 9.7bn in November, the low-est figure for nearly two years. Share prices in Tokyo, now the largest stock market in the world by capitalisation, have fallen sig-nificantly less than other leading As a result, many foreign ana-

lysts expect Tokyo to fall fur-ther, setting off another round of declines in equity markets. Japan's leading stockbrokers, however, refuse to go along with this theory. Nomura, the largest broker, whose trading volumes also shrank by nearly 60 per cent last month, believes that volume should recover in the new year.

The company said yesterday that it had no plans to reduce its costs, although it, like others, expects the pace of its overseas growth to slow.

volume in Tokyo has put extra
volume in Tokyo has put extra
pressure on foreign securities
firms seeking seats on the Tokyo
Stock Exchange. The TSE is
expected to grant 22 new seats
on the exchange next week, 17
of which are thought likely to go
to foreign firms. to foreign firms.

Some of the firms are in a tight spot, as they have lobbied hard for the listing with the Jap-anese authorities. Earlier this year, the issue became a point of bitter bilateral tension between the UK and Japan, as well as the US and Japan.

growth to slow.

Since the fall in equity prices, however, some of the applicants

equity markets since the crash. From its all-time high in October, Tokyo had fallen only 15.2 per cent at the end of last week, compared to falls of about 35 per cent in the US and UK markets. low volumes could force a number of long overdue mergers among the many smaller Japanese securities houses. In the meantime, the loss in wolume in Tokyo has put extra money to become a membership allows for higher margins on trading, its benefits are not high enough to outweigh

are not high enough to outweigh the costs in the short term.

Mr Michael Connors, general manager of Barclays de Zoete Wedd in Tokyo, said yesterday that a seat would cost his firm Y400m (\$3m) a year in running costs as well as Y1.13m for the membership fee. He reckoned BZW would have to trade an additional 350,000 shares a day to cover the costs of the seat.

"In general terms, it would not be worth it for a while," said Mr Connors. Because of the crash, he said, it would take longer to make a new membership pay off. make a new membership pay off.

Big Four review overseas growth, Page 34 France acts to boost savings and shares

MR EDOUARD BALLADUR, the French Finance and Economy Minister, announced yesterday a package of measures to stimulate savings in France and encourage small shareholders to continue investing in the stock market despite their growing disen-chantment with the bourse as a result of the recent crash.

The measures include additional fiscal incentives for individuals who invest in retirement saving plans known as the Plan d'Epargne Retraite (PER) and the extension of the equity savings plan known as the Compte d'Epargne en Action (CEA).

Small shareholders in recently privatised French groups will also not have to pay next year the fees banks normally charge to customers for holding their shares on deposit. Mr Balladur said the banks and the privatised groups were now discussing how groups were now discussing how to share the burden of these

ers by enabling them to exercise maximum amount individuals persons.

their voting rights by post and to investing in retirement savings group themselves together plans (PER) can claim against (CEA), which were due to expire privatisation programme.



French legislation is aimed at restoring small investors' confidence in the bourse, shaken by the recent crash New French legislation is aimed at resto

costs between them.

The package also includes holders decide to take legal raised from FFr12,000 to measures to enhance and protect action against a company.

Under the latest package, the ers by enabling them to exercise maximum amount individuals them to exercise the burden of these should a number of small share their income taxes has been raised from FFr12,000 to FFr16,000 for couples and from FFr16,000 to FFr8,000 for single persons.

at the end of this year, have also been extended for an additional year by Mr Balladur. Under these plans, small investors benefit from a 25 per cent tax reduction on share purchases totalling a maximum of FFr14,000 for cou-ples and FFr7,000 for individu-

Mr Balladur said the new package was designed to help ensure the good functioning of the markets at a particularly delicate time for the bourse as well as stimulating long-term savings to respond to the long-term financing requirements of Francing. ing requirements of French

Mr Balladur said yesterday that French shares had particularly suffered in the crash as a result of heavy sales of French equities by foreign investors. But the opposition Socialist Party and several independent market operators have also argued that the sharp fall in the French equity market has been exacerbated by the heavy volume of new paper placed on the bourse in recent months largely because in recent months largely because of the government's extensive

St Paul makes agreed bid for UK broker

last night ended years of speculation about its big equity stake in Minet Holdings, the London insurance broker, by launching an agreed takeover bid valuing the British group at about \$400m (\$720m). St Paul has just under 26 per

cent of Minet, which ranks about sixth among London's broking houses. It is offering 475p a share in cash for the remaining insurers, St Paul is unusual in 74 per cent. There is also a loan that it already owns Swett & note alternative of 475p.

Mr Ray Pettit, Minet's chair-

man, said the offer was "an ance broker. But broking made excellent move from Minet's up for only about \$5m of its estimated seven as weak US dollar and a surplus times. The profits in the first nine months of 1987, sudden downturn in many US insurance premium rates are putting heavy pressure on the first nine months of 1987. However, there are three big question marks over the bid's chances of succeeding.

make St Paul the first insurance company to take control of a Lloyd's of London broker. St Paul said it had a strategy of diversifying into broking and investment banking as a way of protecting itself against the US insurance industry's underwrit-

ing cycles.
Ranking in the top 15 US p/c Crawford, a Los Angeles-based "excess and surplus lines" insur-However, there are three big Pettit said.

ventions forbid an insurance cent rule at les

than 26 per cent of a Lloyd's tion period on its broker regula broking group such as Minet.

On November 19, however, Lloyd's published a consultative the attitude of New York-based document on broker regulation Corroon & Black, the insurance proposing that the 26 per cent rule should be abandoned. Take- of Minet. Corroon has not been over talks between St Paul and Minet began about 10 days ago with an approach from the American side. The timing was "coincidental," said Mr Bob

Haugh. St Paul's bid is conditional on Lloyd's granting its consent to the deal. Mr Peter Miller, chairman of Lloyd's, was informed of the bid talks three days ago, Mr

Lloyd's said last night, how-ever, that it could make no deci-

THE ST PAUL Companies, the profit margins of big UK insur-US property/casualty insurer, ance brokers. The first is that Lloyd's con-ventions forbid an insurance cent rule at least until after lancompany from owning more uary 22, the end of the consulta tion period on its broker regula-

> consulted about the offer, Mr Pettit said.

A third point is that in the US there is uncertainty over the intentions of Alleghany, an insurance group which holds 8.4 per cent of St Paul. Hearings are due to begin soon before insur-ance regulators there about whether Alleghany can go ahead with plans to raise its stake to at least 15 per cent and possibly to 24.9 per cent.

Eurotunnel shares tumble on first day of dealing

By Richard Tomkins

SHARES in Eurotunnel, the Anglo-French company which is building the Channel tunnel, took a nosedive on their first day of dealing on the London and Paris stock markets yesterday.

Prices opened at 284p, roughly in line with expectations, but quickly tumbled as a wave of selling sent the shares reeling to close at shares reeling to close at 250p, a full 100p below the

SHARES in Eurotunnel, the

250p, a full 100p below the offer price.

For the UK underwriters, the Eurotunnel issue is the second on which they have taken a battering in the past few weeks.

At the end of October, they took heavy losses on the British Petroleum issue, where the partly-paid 120p shares ended their first day at 85p – also a 29 per cent discount.

Eurotunnel's shares had

discount.

Eurotumel's shares had been expected to perform badly in early dealings because of the poor response to the company's offer for sale, in which 20 per cent of the issue was left with the underwriters.

But the collapse in the price yesterday appears to have been worse than feared because a lack of

have been worse than feared because a lack of interest among potential new buyers coincided with a heavy sell-off by underwrit-ers and shareholders - who had taken part in earlier private placings of Eurotun-nel equity.

nel equity.

Japanese investors were also rumoured to have been heavy sellers of the stock.

The day's volume in the The day's volume in the London market was estimated at 40m, which, because of the market system of counting both buyer and seller, suggests that 20m out of Eurotunnel's 220m shares changed hands. There was stronger buying interest in Eurotunnel's warrants, 10 of which entitle the holder to subscribe for one Eurotunnel share for 460p between 1990 and 1992.

These closed at 12 Mp, reflecting enthusiasm from buyers who see them as a low-cost punt on the chances of Eurotunnel's share price eventually taking off.

The size of the discoun on Eurotunnel's shares will have little practical effect on the Channel tunnel project itself because the company has received the full £770m (\$1.4bm) proceeds from the offer for sale - less an estimated £68m which will have to be read out to will have to be paid out to the advisers and underwriters on both sides of the

London stock exchange report, Page 48

THE LEX COLUMN

Too healthy for comfort

The London equity market's reaction to yesterday's dreadful US trade figures was curiously uncertain: first a 70-point collapse in the FT-SE100 index. then a bounce which recovered half the fall. The rationale appears to be the by now familiar dithering between fear of recession and fear of inflation. If the US could carry on sucking in the US could carry on sucking in imports at this rate through October, the economy is plainly still robust. Indeed, the Japanese trade figures, also published yesterday, showed a further slight rise in Japanese exports to the US in November.

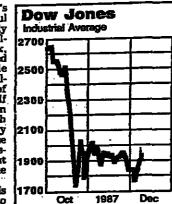
The optimist's line on this is that it should give more scope to the US authorities to slow the economy down without precipi-

the US authorities to slow the economy down without precipitating recession. If it is necessary to shade growth back by a point say four per cent growth than say four per cent growth than forthcoming financial year may two. On the other hand, the markets are now braced for another downward lunge in the dollar, if only because official intervention yesterday was modest in scope and failed to stop the currency hitting new lows. From the UK market's viewpoint, this could prompt another round of weakness in dollar-earning stocks and corresponding emphasis on domestic earners.

On the wider stage, the worry now is that fear of inflation will get the upper hand. The US long the transmission of cost transmission of the proper hand. The US long the transmission of cost transmission of cost transmission of cost transmission of the potential cost savings that BA could produce from a BCal takeover in the potential cost savings that BA could produce from a BCal takeover in the forthcoming financial year may be delayed because of the difficulties of combining the two airlines ahead of next Summer's busy season, analysts are talking of eventual annual savings of upwards of \$50m which could more than offset next year's expected decline in BA's pre-tax per cent to 55 per cent say, but the should be manageable.

Meanwhile, SAS also expects to make similar sorts of cost

sure of the agricustics with which it is taking the SAS challenge, and suggests that it is fearful that the CAA might be softening its apparent hostility to the SAS approach. The fact that RCal has not been making that BCal has not been making any money for several years and



now is that fear of inflation will get the upper hand. The US long to make similar sorts of cost bond fell an imitial one and a savings, by rerouting traffic half points yesterday, in a rational enough response to the and this explains its bullishness strength of domestic demand about the prospective improve and the weakness of the currency. Much more of this and real resistion. Unlike RA is in and the weakness of the currency. Much more of this, and our old friend the reverse yield gap could make a reappearance. Its recent narrowing to more sustainable levels, after all, was due as much to rising bonds as falling equities. If the switch from recession-fear to inflation-fear does take hold and bonds start to fall in earnest, it would be prudent not to wait around for equities to follow suit.

BA/BCa!

The speed with which British Airways has increased its offer for British Caledonian is a measure of the saxionances with

St Paul/Minet

It is not even legal yet; but St Paul is determined to become the first insurance company from either side of the Atlantic

Paul had a nod and a wink from the Lloyd's Council to indicate that the new rules will come into force unaltered, or it simply felt

force unaltered, or it simply felt it could not wait.

The rather fancy pricing of the offer, which values Minet at over 17 times historic earnings, suggests an element of the latter. St Paul is facing a hostile threat from one of its own shareholders, Alleghany, and it is difficult to escape the conclusion that yesterday's bid was in part defensive. But it is not without logic for all that. The Minnesota company is already a major presence in US insurance broking and had 26 per cent of Minet before the bid; the acquisition would give it a suitably mid-Atlantic feel. And with the shadow of PCW well and truly lifted of PCW well and truly lifted

after last summer's settlement,
Minet looks a strong contender
in a still difficult market.

St Paul will be arguing, too,
that no conflict of interest is
involved given that Minet's businesses and its own overlap little - although clients will be for-given for maintaining their resgiven for maintaining their reservations. There is little sign, however, that what makes sense for St Paul will make sense for others. St Paul's lead in building up a US broking operation has not been followed by others and Minet, too, is likely to prove a one-off deal rather than a trend.

Sears

Yesterday's confirmation of the brothers Al-Fayed as the new owners of 10 per cent of Sears has left some London arbitrageurs with burnt fingers. As it sunk in that the sale of Robert Holmes a Court's stake was not after all likely to precipitate a bid, the shares lost virtually all the 11 per cent gain of the previous day.
The market is not necessarily

implying that the Al-Fayeds could not afford the \$2bn or so required for a full bid. Indeed, so little is known about the brothers' resources that it would be unwise to make any assumptions about them at all. It is rather that an overseas owner of Harrods, D H Evans and Barkers stores would have difficulty in gaining control of Selfridges as well. The assertion that the stake is a friendly investment may for once be taken at face value. If further motive were needed, it is that BCal has not been making from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth reflecting that if the Alacy from either side of the Atlantic worth refle

Pakistan builds second plant to enrich uranium

BY SIMON HENDERSON, RECENTLY IN WASHINGTON

Soviet Union in neighbouring is the purpose of the Kahuta Afghanistan. Funds from a new plant, although Pakistan has \$4.02bn five-year aid programme were stopped in September in an were stopped in September in an atmosphere of suspicion about Pakistan's nuclear programme.

US satellites have watched the construction of the plant at Golra over several months. Land was cleared, and a thick concrete floor laid to act as a stable floor for the bigh errord extensions.

for the high-speed centrifuges which enrich uranium by separ-ating out the rare fissile isotope, A centrifuge hall has now been assembled but Western diplo-

mats say the several thousand centrifuges needed have not yet been installed. Pakistan has two centrifuges needed have not yet been installed. Pakistan has two centrifuge halls at Kahuta, 20 miles south-east of Islamabad.

Pakistan has been attempting to buy specially toughened mar-

PAKISTAN is building a second uranium enrichment plant at Golra, six miles west of Islamabad, according to western reports. It already has such a facility at Kahuta, south-east of the capital.

The Golra plant, which is not yet operational, further complicates Pakistan's relations with the US, its principal backer in the confrontation with the Soviet Union in neighbouring aging steel from many parts of the world but its export is consumed to the world but its export is consumed to the world but its export is consumed to many parts of the world but its export is consumed to samugle maraging steel from many parts of the world but its export is consumed to samugle maraging steel from many parts of the world but its export is consumed to samugle maraging steel from many parts of the world but its export is consumed to samugle maraging steel from many parts of the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the us, the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from many parts of the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the us, it is export is consumed to samugle maraging steel from the us, it is export is consumed to samugle maraging steel from the us, it is export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the world but its export is consumed to samugle maraging steel from the world bu

only one nuclear power reactor and this uses natural uranium fuel. US intelligence reports say that Pakistan has enriched uranium to 90 per cent, suitable for nium to 90 per cent, suitable for nuclear weapons, at Kahuta.

The Pakistan embassy in Lon-don said the reports about a plant being constructed at Golral were baseless. Dr Abdul Qader Khan, who is in charge of the Kahuta plant, denied by tele-phone there was a nuclear facil-ity at Golra.

ity at Golra Western diplomats, who say the Golra facility makes preci-

Rush to meet Gorbachev

Continued from Page 1

But if Mr Gorbachev is to succeed in modernising the Soviet economy and integrating it more into the world economy and world financial markets then a world financial markets then a US corporate community was vast new international banking also savouring the prospect of market will also open up in addition to whatever business US That was until Congress interbanks are able to do with their vened with the passage of the American corporate clients who Jackson-Vanik Amendment in are eyeing the trade and joint 1973, which linked improved trade relations to increased Jewsish emigration. banks are able to do with their American corporate clients who are eyeing the trade and joint venture prospects in the Soviet Union.

From a macro-economic point of view too, Washington has a national interest in the Soviet affairs, was that just as the market. As Mr Berger pointed momentum behind the commercial aspect of detente was gather-the Eastern Bloc "provides important outlets for our agricultural products and our manufactural products and capacity washington was sowing, even picking up deals which American companies had been carefully working towards for years. Washington is determined this should not happen again.

Yesterday's merchandise trade figures serve as a reminder of how pressing these policy considerations are, and the Administration is firmly encouraging should not happen again. Will do their my business their my business pressure being put on Mr. Gorence of bachev this week by US Con-waning.

gressmen to do more on human rights, in spite of the Soviet leader's evident irritation at

alising by the US.
The Jackson-Vanik Amendement still stands. The trade bill contains legislation which could also make East-West trade relaand Mr Leonid Brezhnev pursued detente in the early 1970s, the US corporate community was

> In addition, conservative Congressmen, including Representative Jack Kemp, are pressing for new legislation which would restrain US bank lending to the Communist bloc.
> The Wall Street Journal this

week offered a typically anti-So-viet editorial on the subject enti-tled Going into the Red, which argued that Western banks were helping Mr Gorbachev solve the Soviet Union's economic prob-lems and urged that credit flows to the Soviets be retrained on

signs up

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Northern Engineering Industries pic



lending enviously, especially when they look at their own battered developing-country loan portfolios. Moscow's demand for credits is based in part on it trade problems stemming from the fall in oil prices and the fall in the value of the dollar.

business to take advantage of the political rapprochement which seems to be underway.

Nobody needs to remind American businessmen that such a trapprochement is an essential precondition for improved commercial relations, but not necessarily a sufficent precondition.

From a macro-economic point

mercial relations, but not neces-sarily a sufficent precondition. As President Richard Nixon

ish emigration. The net result, says one Con-

what he sees as hypocritical mor-

tions more difficult, and the thomy issue of export controls on sensitive Western technologies has yet to be resolved in ways which will facilitate, not inhibit, trade.

American businessmen and American businessines and their prospective partners in Moscow know that boldly publi-cising the mating ritual they are going through at this early stage will do more harm than good to their mutual goal of increased business, even though the influ-ence of the conservative right is

US trade figures bring dollar lower

FT-SE 100 share index fell significantly and recovered slightly by the close to end 19.7 points down at 1,619.6. The FT Ordinary benchmark 30-year monetary policy.

At the heart of uncertainty in highest level since October 21, the foreign exchange and bond two days after Black Monday and before the US Federal Treasury is happy to use a fall-mark and the yen in New York. It closed at DM1.6325, Y129.05, SFr1.33225 and FFr5.5460.

US Treasury bond prices had plunged by nearly two points by mids would force the US Federal IIS Federal Stock Markets, 49; Back Page, Section II.



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday December 11 1987



Pan Am agrees to merge airways side with Braniff

BY RODERICK ORAM IN NEW YORK

its four unions the deciding role after the directors split bitterly over the struggling company's best course. The unions are also best course. The unions are also divided, so resolution of the conflict is likely to be hard, particularly by the December 22 deadline demanded.

Mr Edward Acker, chairman, wants to spin off the main airline subsidiary to Reaniff but

line subsidiary to Braniff but keep the remaining assets in Pan Am Corporation which would become closely held.

The main assets are its profitable Boston-New York-Wash-ington shuttle, Pan Am Express commuter airline and Pan Am World Services which provides airline consulting and support services. In a series of long and acrimonious board meetings this week, Mr Martin Shugrue, vice-chairman, argued for keeping the holding company intact with the help of staff pay concessions.

PAN AM has agreed in principle to merge its Pan American World Airways subsidiary with Braniff, but the deal hinges on Pan Am's though Mr Acker has won the argument for now by achieving unions making sharp pay concessions.

Pan Am's board, in effect, gave its four unions the deciding role after the directors split bitterly over the struggling company's best course. The unions are also tives. They can can agree to Mr Pritzker's demands for \$200m of concessions, including \$70m from pilots and flight engineers, over four years to allow the

merger to go ahead.
Ownership of the merged airline would be split three ways. Pan Am employees would own 13 per cent to 20 per cent, Bran-iff's former shareholders 25 per cent to 32 per cent, Pan Am, revamped as a private company led by Mr Acker, would hold 55

However, if the Pritzker talks fail, the unions could fall back on a proposal from Pan Am's existing management for \$180m of concessions over the next four years to keep the company together in exchange for a minerate state in Pan Am Tan minority stake in Pan Am. The He successfully lined up support from the pilots and flight but is still on the table, the comengineers who broke ranks with pany said yesterday.

Sharp group to borrow \$100m from Brazil bank

BANQUE PARIBAS

U.S. \$200,000,000

Undated Floating Rate Securities

In accordance with the provisions of the Securities, notice is hereby given that for the three months interest period from 11th December, 1987 to 11th March, 1988 the undated

curities will carry an Interest Rate of 87/6% per annum. Interest due on 11th March, 1988 will amount to

Morgan Guaranty Trust Company of New York

Agent Bank

U.S. \$21.33 per U.S. \$1,000 undated Security.

SHARP, one of Brazil's leading consumer electronics and information technology groups, is to receive a cruzado loan equivalent to \$100m from the Banco Nacional de Desenvolvimento Economico e Social (BNDES).

Was strong across the board. "We are nearly sold out on certain products through the end of the first quarter."

Mr Roderick, however, declined to predict specifically vice-president of the BNDES, as within the bank's development.

CENTRAL BANKS ENDORSE PROPOSALS FOR MINIMUM CAPITAL REQUIREMENTS

BIS move to aid banking system

BY ALEXANDER NICOLL, EUROMARKETS EDITOR, IN LONDON

PROPOSALS for common minimum capital requirements for banks in the industrialised world were published yesterday by the Bank for International Settlements (BIS) and major central banks.

The plans aim to strengthen the interna-tional banking system and to "level the competitive playing field" between banks in different countries, said Mr Peter Cooke, the live on the Pite conchairman of the BIS com-mittee which produced

They were endorsed by central bank governors at a meeting in Basle this week. Banks in 12 countries - the 11 countries which make up the Group of 10 leading industrialised countries, plus Luxembourg will be expected from the end of 1992 to maintain capital

1992 to maintain capital equal to at least 8 per cent of their assets, weighted according to risk.

Transitional stages have been set: from the end of 1990, there will be a 7.25 per cent minimum but the components of capital will not be as strictly defined as in the eventual rules.

Banks will have six months to discuss the plans with their supervisors. Offi-

with their supervisors. Offi-cials said yesterday that they would adopt a middle course between prescribing and negotiating the propos-

Despite the Basle agreement, there remain impor-

tant points of difference between individual coun-tries, particularly on what banks are allowed to count

banks are allowed to count as capital.

These will be subject to further discussion during the transitional phase.

Mr Brian Quinn, head of supervision at the Bank of England, said most British banks would have no difficulty in meeting the initial 7.25 per cent requirement.

However, UK bankers said

However, UK bankers said many banks in other coun-tries, such as France, Japan and the US, would have to build their capital in the next few years.

The latest agreement follows years of talks which were given impetus last year when the US and UK

agreed independently of the other countries to seek con-vergent capital standards. The BIS talks have been running concurrently with similar plans for conver-gence within the European

ommunity. Central bankers were careful yesterday to stress that they have been keeping in close contact with the European Commission and

Suropean Commission and that they hoped the two sets of requirements would be similar Of the 12 countries - Bel-ginm, Canada, France, Italy, Japan, Luxembourg, the Netherlands, Sweden, Switz-erland, West Germany, the UK and US - seven are also EC members.

Details, Page 24

Daimler-Benz Brazilian unit boosts forecast

By Ann Charters in Sao Paulo

MERCEDES-BENZ do Brasil, the country's leading bus and truck manufacturer, has estimated this year's profits at above US\$70m on sales of \$1.3bn, and unveiled plans to continue programmed investments over the next five years of \$385m, up \$100m on earlier plans.

The company has shown profits every year since its start-up in 1956, unlike most companies in Brazil's motor manufacturing sector. Sales were 30 per cent ahead of 1986 results in dollar

The company's market share for trucks rose from 39 per cent to 43 per cent, while market, share for buses reached 35 per cent, up four points. This was despite an overall decline in projected production of 50,000 units down to 43,500 of 50,000 units, down to 43,500, the same level as 1986.

Exports totalled \$200m with 12,200 vehicles, up 63 per cent. The US, the largest market for the company's trucks, is expec-ted to buy fewer vehicles next

Bear Stearns sues Jardine for pull-out from pre-crash deal

BEAR STEARNS, the large Wall value of the Jardine offer.

Street brokerage house whose Yesterday's lawsuit alleges that shareholders have been among Jardine's tender offer was the biggest casualties of the October stock market crash, yes-

October stock market crash, yesterday sued Jardine Strategic which it oldings for pulling out of a pre-crash agreement to buy a large stake in Bear Stearns.

Jardine, a large investment and trading company most of whose activities centre on Hong Kong, offered to buy 20 per cent of Bear Stearns for \$23 a share, or \$389m, on September 30. It began a tender offer to acquire the shares on October 6. just it was the shares on October 6, just over a week before the stock market collapsed.

The company withdrew its offer shortly after the crash, as Bear Stearns disclosed that it had suffered big losses, primarily in connection with its arbitrage and margin lending activities. Since the crash and the with-drawal of Jardine's partial bid, Bear Stearns' shares have plunged to new lows almost weekly. Yesterday morning they traded at \$9%, \$½ down on the

wrongfully terminated and breached a binding agreement which the two sides reached on September 30.

It seeks unspecified damages for the company's shareholders, who include a limited partnership of Bear Stearns employees, which owns 45 per cent of the

Since the October crash, many companies have terminated tender offers and takeover bids and it was not clear yesterday why Bear Stearns considered it had a chance of success in its lawsuit.

Some analysts fear that the suit might be a sign of desperation by the brokerage company. The sale of shares to Jardine was intended to increase the capital available to the company, one of the few big firms remaining on Wall Street without a large and well-capitalised partner or share-

Since the crash, Bear Stearns' need for a capital injection has lay and 60 per cent below the

Hamilton Oil stock rise anticipates BHP offer

STOCK IN Hamilton Oil, the over the next six months. Denver-based group which is a leading independent North Sea producer, rose sharply yesterday, as Wall Street looked forward to a friendly takeover offer from Broken Hill Proprietary, the

large Australian energy and industrial group.

Hamilton Oil said that BHP, which owns 49.6 per cent of the company, could increase its hold-ing at any time, but only through a general offer to all the remaining shareholders. The two companies also agreed that BHP, which bought its block from Volvo of Sweden last month for

Stock in Hamilton Oil, which has been an active and successful North Sea producer since 1975, rose \$4½ to \$20% in early trading yesterday.

Under the agreements between the companies, which were approved by the Hamilton Oil board, the price of a tender offer after six months would be set for 18 months by the company's outside directors. During these two years, BHP can name four directors to the Hamilton Oil board.

Hamilton Oil earned \$11m or 35 cents a share on revenues of \$31 a share or \$393m, must pay \$267.2m in 1986, a depressed at least \$31 for additional shares year for the industry.

The loan will be used to put

4 June 27

vice-president of the BNDES, as within the bank's development The loan will be used to put the group on to a firmer financial footing, after it reported losses through September of Cr 2.4bn (\$37.5m).

The bank, through a securities subsidiary, already holds 10 per cent of the shares in Sharp SA

USX chairman remains bullish on profitability

USX, the US steel and energy group, remains bullish about its prospects, Mr David Roderick, hairman, said yesterday. Repeating previous forecasts that USX would be profitable in

the fourth quarter and would record improved earnings in 1988, he said firm oil prices and "rigorous steel markets" would ontribute to the results. *Our order book right now

higher than at any time in 1987, he said, and added that demand was strong across the board. We

be. In last year's fourth quarter, USX lost \$5.55 a share. This included a \$1.5bn restructuring charge that led to a loss of \$7.46 a share for the full year.

Analysts are predicting full year profits of between \$1.15 and \$1.30 a share in 1987, and between \$1.75 and \$2.80 in 1988.

PC groups dispel fears of downturn

FEARS OF recession in the US \$925m to \$980m, compared with personal computer industry were sales of \$662m in the Christmas dispelled this week as manufacturers and retailers forecast Tandy Corporation, another record growth for 1988 and said sales had not suffered since October's stock market crash.

The personal computer market has been closely watched since Black Monday because some analysts suggested that retail and business sales of personal computers could be vulnerable to a spending slowdown.

A sales downturn could also have an impact on semiconduc-tor and other parts suppliers, and software publishers.

At industry meetings in California and Boston, however, executives said their sales remained strong. Mr John Sculley, Apple Computer's chairman, forecast a 20 per cent growth rate for personal computer sales next year and said Apple would next year and said Apple would exceed that rate.

Ms Deborah Coleman, Apple's Compaq president.

chief financial officer, said Apple
was comfortable with analysts'
forecasts of first-quarter sales of
per cent to \$791.9m.

Tandy Corporation, another personal computer retailer, said it was selling 25 per cent to 30 per cent more computers in the current quarter than it sold in the same period last year. How-ever, the increase was moderated by lower prices.

Businessland, a computer store chain, said it had not seen any slowdown in business over the past few weeks and expected sales to rise at least 25 per cent in the current quarter. Mr David Norman, chairman, said he had seen "no evidence of a slow-

Compaq Computer also said sales had been strong in the current quarter. In the next several quarters Compaq has the opportunity for continued strong growth, said Mr Rod Canion, Compaq president.

BANOUE PARIBAS



U.S. \$400,000,000

Undated Subordinated Floating Rate Securities

In accordance with the provisions of the Securities, notice is hereby given that for the interest period 11th December, 1987 to 11th March, 1988 the Securities will carry an Interest Rate of 85/16% per annum.

Interest payable value 11th March, 1988 per U.S.\$1,000 Security will amount to U.S.\$21.01 and per U.S.\$10,000 Security will amount to U.S.\$210.12.

Morgan Guaranty Trust Company of New York London

THE MORTGAGE BANK AND

FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK

(Kongeriget Danmarks Hypotekbank og Finansforvaltning)

U.S.\$80,000,000

Guaranteed Floating Rate due 1990, Series 84

Unconditionally guaranteed by



M.I.M. Holdings Limited

US \$100,000,000 Floating Rate Notes due June 1994.

Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from December 14, 1987 to June 14, 1988 the following information is relevant: 1. Applicable

interest rate: 2. Interest payable on next interest payment date:

8.225% per annum US\$4,181.04 per US\$100,000.00 nominal

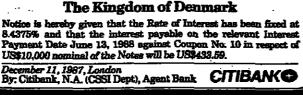
payment date:

Next interest

June 14, 1988

December 10, 1987

BA Asia Limited Reference Agent



GENOSSENSCHAFTLICHE ZENTRALBANK **AKTIENGESELLSCHAFT**

U.S. \$50,000,000 Floating Rate **Subordinated Notes Due 1992**

11th March, 1988 the Notes will carry an interest rate of 85/16 per cent. per annum. Interest payable on the relevant interest payment date, 11th March, 1988 against Coupon No. 26 will be U.S. \$105.06

Listed on the Luxembourg Stock Exchange. By: Morgan Guaranty Trust Company of New York, London





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EVEN

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another and another... But now Emirates have out you in a position to say "You're

coming with me." And to think all you have to

TIME

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ON

to India and the Maldives for example) it looks as though a business trip is about to turn into an unexpected holiday for two.

Phone 01-930 5356 or contact your local travel agent.

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Credit Chimique Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from December 11, 1987 to June 13, 1988 the Notes will carry an Interest Rate of 81/1% per annum. The interest payable on the relevant interest payment date, June 13, 1988 will be U.S. \$417.53 per U.S. \$10,000 principal amount and U.S. \$10,438.37 per U.S. \$250,000 principal amount.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

December 11, 1987



For the three months 11th December, 1987 to

Agent Bank

THIS NOTICE Is issued by Burns Fry Limited on behalf of Morgan Guaranty Trust Company of New York, Brussels office as Depositary. It does not constitute an offer of securities but does require action to be taken on the part of the holders of the 8½ per cent Receipts for Government of Canada Bonds due 15th May 1994.

> Reminder Notice to the Holders of CAN. \$100,000,000 81/2 per cent. Receipts for Government of Canada Bonds due 15th May 1994

The Meeting of Holders called for December 22, 1987

The holders ("Holders") of Can. \$100,000,000 8½ per cent Receipts for Government of Canada Bonds due 15th May 1994 (the "RGCBs") are remanded that a meeting (the "Meeting") of Holders has been called and will be held on Tuesday, 22nd December 1987 at 10.00 hours (London sime) at Royex House, Aldermanbury Square, London EC2V 7LD for the purpose of considering and, if thought fit, passing an extraordinary resolution of Holders to amend the Depositary Agreement dated 2nd March 1987 between Morgan Guaranty Trust Company of New York, Brussels office and Burns Pry Limited, pursuant to which the RGCBs are issued, to permit Holders to exchange RGCBs, in a minimum principal amount of \$1,000,000 or an Integral multiple thereof together with unmatured Coupons appendining thereto for an equal aggregate principal amount of Deposited Property (all as defined in the Depositary Agreement) together with (if it should prove necessary) a cash sum in Canadia dollars or other form of compensation equal to any difference in value and to authorise other related and necessary action. The Meeting was called pursuant to a Notice published in the Financial Times on November 25, 1967 and in the Luxemburger umber 30, 1987 in which notice the full text of the proposed extraordinary resolution is set out.

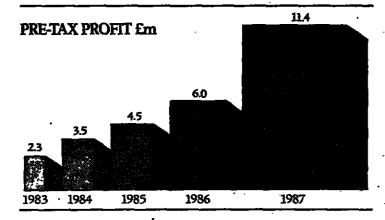
Holders wishing to attend and vote in person at the Meeting must produce at the Meeting either the RGCBs held by them or a valid voting certificate issued by the Depositary or any Paying Agent in respect of such RGCBs. A Holder not wishing to attend and vote in person at the Meeting may either defiver his RGCB or voting certificate to the person whom he wishes to attend on his behalf or give a voting instruction on a form obtainable from the Depositary or any Paying Agent (at the addresses set out below) directing the Depositary or such Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions. RIGCBs may be deposited with the Depositary or any Paying Agent for the purpose of obtaining voting certificates or appointing proces until 48 hours before the time fixed for the Meeting (or, if applicable, any adjournment thereof) but not thereafter. It RIGCEs are held in Euro-clear or Cedel S.A. arrangements have been made for the operators of Euro-dear or, as the case may be, Cedel S.A., to administer the instructions of the relevant Holders and in order to vote on the ed extraordinary resolution, the Holders should follow the instructions provided to them by Euro-clear or, as the case

gan Guaranty Trust Company of New York Brussels Office Avenue des Arts 35

Attention: Securities Department

36-38 Grand Rue

Five years of profitable progress



Highlights of the year ended 28th September 1987

- Pre-tax profits £11.438 million up 88%.
- Earnings per share at 47.7p up 26% on increased share capital.
- Final dividend increased by 75%.
- Excellent progress in all sectors.
- Strong benefits from increased efficiency.
- Continued growth confidently forecast.



A Group of companies

Swiss Re.

1986 Results

Consolidated net profit

Total dividend

Dividend per share

Dividend per non-voting share

Walter Diehl In millions of Swiss francs nan of the Board of Directors 1986 The financial strength of the Com-pany was again considerably rein-torced in the 1986 business year. This is the consequence of a further capi-tal increase and the lavourable result Premium income - all classes 11,149 10,665 Gross premiums 9.718 9,956 Net premiums 169,352 173,101 Net Life insurance in force for the business year. Underwriting results Profitability has grown, since the underwriting loss has been noticeably reduced, and the financial result even exceeded that of the previous - 369 - 493 Non-Life insurance 43 27 investment and other 1,093 1,080 In total, the 1986 result enables pay-ment of a higher dividend on the share capital, which was increased Other income and outgo - 459 - 577 in the previous year. Profit applicable to - 11 minority shareholders This positive overall assessment is Group capital funds shown 2104 1,605 borne out by the results of the Swiss Re Group for 1986 as well as by experience so far in the 1987 busi-179 145 Consolidated net profit

Swfrs. 291.-

Swdrs. 125.-

Switzs 25.-

ness year; it fulfils expectations and is not essentially affected by the recent unrest on the financial mar-Consilidated net profit Swdrs. 58.er non-voting sha The full Annual Report for 1986 (from Swiss Re, Zurich which this summary is taken) is available from 77 70

248.-

120.-

RO. Box, CH-8022 Zurich

INTERNATIONAL COMPANIES & FINANCE

Multitech buys US computer company

MULTITECH GROUP of Tal-

wan has acquired Counter-point Computers, based in California. The deal gives Multitech, regarded as one of Taiwan's most innovative computer companies, access to advanced multi-user com puter technology and sig-nals Multitech's entrance into the UNIX-based multi-

The acquisition involves a combination of cash and stock transactions, the exact terms of which were not disclosed. Multitech, founded in 1876 and now comprising nine companies including Counterpoint, has total assets of US\$190m, and expects group sales this year to reach \$300m.

In recent years, Multitech has aggressively marketed a range of microprocess range of microprocessor-based products, including computer systems, peripher-als, communications devices, and publications. The compuny developed the first Chinese-language input system for use ou micro and mini-computers a system that was later incorporated by IBM into its 5550 series of character-

Multitech last year became the second company in the world to introduce a 32-bit, 80386-based micro-computer, which brought it the industrial design award from the Hannover Fair's CEbit exhibition.

Nick Garnett on the reshaping of world excavator production

Earthmoving becomes big business

takeovers or joint manufacturing now accounts for almost 30 per

manufacturers joining forces and economical tool in the with rival producers in order to industry." strengthen their market position. in the biggest of these deals, involved a number of acquisi-Hitachi is linked up with both tions. For example Hanomag, the Deere and Fiat of Italy and is struggling West German equip-squaring up against the partner-ment maker, bought Sennoboship forged between Missubishi gen, a producer of small and

and Caterpillar of the US.

These acquisitions and joint ally dominated the excavator equipment maker, got into the will be Hitachi-designed excavator their position in Europe by time with the acquisition last the South Koreans have just emerged into the market with tonnes. Dresser, the large US excavators near Turth. These will be Hitachi-designed excavators business for the first tors but using at least 80 per cent time with the acquisition last European Community compositions of excavators up to 35 tonnes.

In the deal—which is like a European mirror image of Hita-

cent of unit sales worldwide In many cases, this reshuffling has centred on machine makers without an excavator in their even on the smallest company product portfolio purchasing companies that are involved in the excavator is a line you cannot afford to be without. cannot afford to be without, says Mr Winfred Richter of Plan-It has also involved excavator tecon. It is the most versatile

In the past 18 months this has involved a number of acquisi-

medium-sized excavators. Schaeff, which already made ventures have involved European Japanese and US companies. At the same time, Japanese
producers which have traditionproducers which have tradition-

THE ANNOUNCEMENT this week that John Deere of the US and Hitachi of Jeans are to set up a joint manufacturing operation in North America to make hydraulic excavators is a logical extension of the two companies four year old partnership.

Since 1983, Deere has been selling under its own name Hitachi-north American market.

But this deal, which involves greater co-operation in marketing and product design, also underlines one increasingly into the world construction machinery transportant trend which is reshaping the world construction machinery the world construction machinery the world construction machinery trend which is reshaping the world construction machinery transportant trend which is reshaping the world construction machinery industry.

During the past 18 months, a large number of companies manufacturing hydraulic excavators in market than four-fold since 1983.

In an overall market for equipment which has not grown any-shape here here invalved in mercers.

In an overall market for equipulate threat of losing its excavator have been involved in mergers, where near as fast, the excavator manufacturing contract with

As part of the reshaping of world excavator production, Cat has signed a deal with Mitsubishi which effectively combines a large part of the two companies excavator production into a sin-gle joint production operation based in Japan.

based in Japan.

The deal integrates their product ranges and a large part of Mitsubishi production will now be sold as Caterpillar machinery. Mitsubishi has stopped market-ing its own-branded excavators the UK and Continental Europe.

At the same time Hitachi, the world's largest excavator maker. is setting up a joint production venture with Fiat's construction machinery business to make excavators near Turin. These

cussions over possible acquisi- chi's US deal with Deere - Flat,

Daewoo, the South Korean industrial conglomerate, has just been freed from its 15 year deal manufacturing Hitachi excavators under licence. It has received in the second of the second recently introduced to the US and UK markets its own excavator which is based on Hitschi designs.

Dresser, an industrial group

which is expanding in earthmov-ing machinery, clearly wants a bigger excavator arm to its busi-

That makes all the more surprising the position of VME, the company formed two years ago out of Volvo's machinery division and most of the construction equipment operations owned by Clark Equipment of

This joint company, a middle-sized machinery maker like Dresser and one tier down in size from Cat and Komatsu, does not have an excavator in its product line-up. It says it needs an exca-vator range but so far has not of excavators up to 35 tonnes. In the deal- which is like a come close to purchasing a com-Dresser has also been in dis- European mirror image of Hita- pany that would give it one.

Unotec to control Landis

BY JOHN WICKS IN ZURICH

stake in Landis & Gyr, the Swiss began some two years ago. Mr electrical engineering group.

Unotec has acquired almost two-thirds of Landis & Gyr Holdings which in turn owns some 50 per cent of the capital of the operating company, Landis & specifically the fibre-cement concern Eternit - was obtained by

The cash purchase, no price for which is disclosed, makes Mr Schmidheiney the biggest single shareholder in Landis. He is to become chairman of the holding has, however, improved the prof-company board and vice chair-man of the operating company.

| The company is a second of the companies and expanded their activities, as well in the companies are companies.

ment of the members of the Gyr family who will continue to own a considerable part of the group.

The main reason for the sale of control to Mr Schmidheiney is shares of Brown Boveri, the

that the Gyr family faces a management succession problem. No successor has emerged from the third generation of the Gyr family to take over "entrepreneurial responsibility", it was stated yes. responsibility", it was stated yes-terday.

UNOTEC HOLDING, part of the Talks between former chairpersonal interests of Mr Stephen man Dr Andreas C Brunner-Gyr,
Schmidheiny, the Swiss industriwho is now retiring for health
alist, has taken a controlling reasons, and Mr Schmidheiner
1987 sales of about SFr1.58bn

cern Eternit - was obtained by Mr Schmidhelney when his father Mr Max Schmidheiney divided up most of the family holdings between his sons. He The transaction has been as diversifying, notably into Dis-undertaken with the full agree trai, the Swiss news-stand group. ment of the members of the Gyr He also has substantial shareholdings in other major Swiss

turer of metering equipment and

and net profits should be in the region of SFr65.6m.

According to Landis chairman Mr Georg Krneta, turnover should rise to about SFr2bn in 1988 following the recent takeover of Powers of the US.

Anova recently disposed of its ter Board of the UK in a transaction understood to have been worth some SFr175m.

Mr Schmidheiney sald yester-iay that he wanted to build up a position in high technology products, such as those manufactured by Landis. The link with Landis represented a "genuine move towards diversification".

Landis announced in Septem-ber that it was in talks with Anova with a view to the latter taking a stake in Landis. At the time the Landis management said "We don't know where it will all end, It is a matter for the family to decide".

DECLARATION OF INTERIM DIVIDENDS-YEAR ENDING 30 JUNE 1988

Dividends have been declared payable to holders of ordinary shares registered in the books of the undermentioned companies at the close of business on 8 January 1988. The dividends have been declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 18 January 1988, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the Londom Secretaries of the companies. Warrents in payment of the dividends will be posted on or about 12 February 1988. The transfer books and registers of members of the companies will be closed from 9 to 15 January 1988, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Name of Company		m dividend d 1987 198 Cents per	36
Middle Witnestersrand (Western Areas) Ltd. Reg. No. 05/04488/08 Zundpan Gold Mining Company Ltd. Reg. No. 55/02414/06	71 \$1	60 10.6	80 10

By Order of the Boards ANGLOVAAL LIMITED per: E.G.D. Gordon

London Secretaries Anglo-Transvaal Trustees I 295 Regent Street London W1R 8ST 10 December 1987

Registered Office Anglovaal House 56 Main Street





Euromoney Publications had another record year (to September 30, 1987). The circulation, reputation and revenues of Euromoney, our premier magazine, have never been higher. Our five specialist magazines all increased their profits.

■ The book publishing business brought out thirteen new titles. It (and our directories) made higher profits. ■ Bondware and Noteware thrived and we intro-

duced new electronic databases, among them Loanware, Equityware and Swissware. ■ We held eight major conferences, and 45 semi-

nars, around the world making it another very good year for this division.

We bought Hawkins Publishers, which is prospering, and we continued to invest in new ventures. The Euromoney Institute of Finance, our education business, held its first training programmes and we plan more in the UK. US and Japan.

■ The year also saw the successful launch of three new publications: the Euromoney Japanese language magazine, Global Investor, and Euroweek, the Euromarkets' first weekly newspaper.

■ We persevere in our search for attractive acquisitions. We have £15 million in cash, a good staff and we are ready to take the opportunities that offer themselves, in good times and bad.

The Year's Highlights		
Turnover	£25,961,000	up 35%
Pre-tax profit	£6,517,000	up 24%
Earnings	£4,155,000	up 30%
Dividends	13.75p	up 30%

EUROMONEY PUBLICATIONS PLC

Full Report and Accounts can be obtained from the Company Secretary, Philip Gaunt, Nestor House, Playhouse Yard, EC4V 5EX,





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Project for strengthening electric transmission capacity 1985-1990

Arranged by Samuel Montagu & Co. Limited

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The Fuji Bank, Limited Algemene Bank Nederland N.V.

Midland Bank plc Commerzbank Aktiengesellschaft

Deutsche Bank Luxembourg S.A. The Long-Term Credit Bank of Japan, Limited The Taivo Kobe Bank, Limited

Managed by

The Nippon Credit Bank, Limited

Union Bank of Finland Ltd

Funds provided by

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Midland Bank pic Commerzbank International S.A. The Long-Term Credit Bank of Japan, Limited The Nippon Credit Bank, Limited Kredietbank N.V.

NMB Bank (France)

Agent Bank The Fuji Bank, Limited

December 1987

NOTICE OF REDEMPTION TO HOLDERS OF

INTERNATIONAL BANK FOR

RECONSTRUCTION AND DEVELOPMENT

Kuwaiti Dinars 30,000,000 10 per cent. Bonds due 1991

Exercise Of Call Option By International Bank For Reconstruction And Development On 25th January, 1988, Of The Entire Outstanding Kuwaiti Dinars 15,000,000 at 100-3/4%.

NOTICE IS HEREBY GIVEN that, pursuant to Condition 5(B) of the Terms and Conditions of the above mentioned Bonds, International Bank for Reconstruction and Development has elected to prepay all the outstanding Bonds in the aggregate amount of K.D. 15,000,000 at a redemption price of 100-3/4% of the principal amount thereof on 25th January, 1988, together with the interest accrued up to the date of redemption.

All Bonds will become due and payable in Kuwaiti Dinars at the offices of Kuwait Investment Company (S.A.K.), Mubarak Al-Kabir Street, Kuwait City, State of Kuwait, by cheque drawn on a Kuwaiti Dinar account with, or by a transfer to a Kuwaiti Dinar Account maintained by the payee with, a bank in Kuwait.

Bonds should be surrendered for payment together with all unmatured coupons appertaining thereto, failing which the face value of the missing unmatured coupons will be deducted from the principal amount.

From, and after, 25th January, 1988, interest on all the Bonds of the above mentioned issue will cease to accrue.

KUWAIT INVESTMENT COMPANY (S.A.K.) on behalf of INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated: 1st December, 1987.

This announcement appears as a matter of record only.



Y J Lovell (Holdings) plc

£25,000,000

Sterling Commercial Paper Programme

Arranged by Kleinwort Benson Limited

Dealers

Barclays de Zoete Wedd Limited Kleinwort Benson Limited

December 1987

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FINANCIAL TIMES **EUROPE'S BUSINESS** NEWSPAPER

INTERNATIONAL COMPANIES & FINANCE

Suchard forecasts 40% gain in earnings

JACOBS SUCHARD, the Swiss coffee and cho group, yesterday forecast a gain of close to 40 per cent in net earnings for 1987 and hinted at an increase in the

dividend.

Last year the Zurich-based group booked a net profit of SFr191m (\$140m), up by 27 per cent, and raised the dividend on its bearer share

dividend on its bearer share by SFr5 to SFr160. It said yesterday that it would "review the possibility of a dividend increase" for 1887. Two conflicting influ-ences have affected turn-over. Acquisitions, notably E.J. Brach in the US and Cote d'Or in Belgium, have boosted sales, while the depreciation of the dollar and a drop in coffee prices and a drop in coffee prices have had negative effects. In volume, sales of choco-late products will climb by more than half, while coffee sales will grow by about 10 per cent, Jacobs Suchard expects. Growth in the chocolate sector would have been about 15 per cent with-

out the acquisitions.
A smaller expansionary A smaller expansionary move was announced yesterday. Jacobs Suchard's Italian subsidiary is buying DS Italiana, a company distributing chewing gum and sweets in Italy. Their combined sales will be about SFr70m in 1987.

East Asiatic advances 12%

By Our Financial Staff

EAST ASIATIC, the Danish group, said sales for the first nine months of 1987 were DKril, 2bn (\$1.75m), 12 per cent higher than in the same period of 1986.

Earnings before tax were also considerably higher, it said in its quarterly report. However, it added that since September the decline in world stock markets and the fall in the dollar had adversely affected busi-

adversely affected busi-

More banks acquire Paris brokers

MORE DEALS involving the acquisition of French stockbrokers by banks were announced yesterday, confirming the growing trend of mergers between banks and the French securities industry.

up to 75 per cent of Magnin-Corgrowing internationalisation of to get a strong base in France, delle, the French brokerage firm.

banks and the French securities industry.

Barclays de Zoete Wedd (BZW), the investment banking arm of the UK clearing bank, officially confirmed plans to acquire eventually 70 per cent of Puget, one of the top 10 French brokers are leading French blue chip equibles.

In an another deal announced westerday, Banque de l'Union Europeenne's has decided to buy un to 75 per cent of Magnin-Cor-

The French stockbroker association also said that S.G. Warburg, the UK investment banking group, had decided to acquire at Under new legislation least 90 per cent, and possibly 100 per cent, of Bacot-Aliain. Warburg announced last month its intention to acquire the outside partners in stages

into its "home base."

Candy wins 51% of Rosieres

BY DAVID LANE IN MILAN

CANDY, the Italian white goods group, has acquired control of Rosieres, the French group which makes cooker units, for about L25on (\$20.4m).

Mr Maurizio Fumagalli, Candy's finance director, said yesterday that Candy now holds more than 51 per cent of the quoted French company. However, the stake could be increased during the next week if minority investors opt to dispose of their shareholdings under French takeover rules.

Candy's fitalian activities include Gasfire, the cooker maker, and Zerowatt, a white goods manufacturer which is listed on Milan's second "ristetto" market. Rosieres is the group's second venture outside fitaly.

Kelvinator (IIV) the Business.

quality, free-standing and rent year is expected to be about built-in cooker units, and has about 20 per cent of the French around L150bn in sales. The market. Mr Fumagalli said that group expects profits this year of Rosieres will combine well with Candy, whose strengths lie in dishwashers and washing machines.

Candy's Italian activities include Gasfire, the cooker

group expects profits this year of PARTIAL GROUP operating 120bn.

Rosieres employs about 1,600

Before the acquisition the maker of refrigerators and dishworkers. It is strong in high
3,000 and turnover for the curian acquisition.

Kelvinator (UK), the British maker of refrigerators and dishworkers. It is strong in high
3,000 and turnover for the curian acquisition.

Reksten court assigns attorney

BY KAREN FOSSLI IN OSLO

TWO NORWEGIAN attorneys enough to request that further than it might seem, says his role were given new government backing by a Bergen court yesterday in their search for the hidden shipping fortune of the Reksten family after the court assigned Mr Bjoern Hang, a gov-ernment attorney, to the case.

Mr Haug replaces Mr Hans Bendiksby, who withdrew because of obligations resulting from his appointment as a judge.

The most recent findings of the two attorneys, Mr Kristian Roll and Mr Jens Kristian Thune, were presented behind closed doors to the court, which apparently found them interesting appointment as "less dramatic"

Mr Haug was instrumental in securing a \$45m out-of-court settlement arising out of the Rek-

in a report presented to the Bergen court earlier this week, Mr Roll and Mr Thune alleged that Guinness Mahon, the UK
merchant banking group,
assisted the Reksten family in
organising funds outside Norway
which, they said, deprived their
creditors clients who are owed
about NKraba (\$465m) about NKr8bn (\$465m).

in the affair is that of represent-ing the Norwegian state, which is also a creditor.

The Norwegian Guarantee Institute claims it is owed some NKr890m by Reksten interests. The institute was set up by the Government during the 1970s to

protect the Norwegian shipping industry from the worst excesses of the shipping decline which followed the first oil crisis. Mr Haug says that claims by Reksten creditors are being investigated and that facts cur-rently being revealed could alter these claims.

Trinkaus: produces rise in profits

By Heig Simonian in Frankfurt

profits at Trinkans & Burkhardt, the West German bank majority owned by Midland Bank of the UK, rose by 6.6 per cent to DM71.3m (\$43.2m) in the first 10 months of 1987 against DM66.6m in the corresponding period last

The increase in earnings stands out against the markedly downward trend in partial oper-ating profits at many other German banks so far this year.

However, Trinkaus said full group operating profit, which includes income from own-account trading, had dropped appreciably in line with results elsewhere. Nevertheless, profits for the year should be "satisfac

Earnings had benefited from "a very satisfactory development in every respect of customer-re-lated business," said the bank. But undisclosed write-downs had been necessary in the value of holdings of securities after the stock market collapse. Trading in securities and foreign exchange for its own account had performed encouragingly, it said

Commission earnings, which rose DM8.4m to DM88.8m at group level, were ahead of the bank's interest income for the first time thanks to active securities and foreign exchange busi-ness, as well as to the new issues side, which had performed "ahead of expectations."

Half-year ended

U.K. INDUSTRIAL PROSPECTS

The Financial Times proposes to publish a Survey on the above on

MONDAY 4TH JANUARY 1988

For a full editorial synopsis and details of available advertisement positions, please contact:

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FOOD INDUSTRY

The FT is proposing to publish this survey Friday

22nd January 1988. For full details contact: MARK JONES on 01 248 8000 Ext 3365



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THE GREAT UNIVERSAL STORES

Comparative Consolidated Profits

30 September 1987 £M Turnover (including share of turnover of associated companies, this year £71.2M lest year Nil) 1,238.9 1,128.8 Profit before taxation from trading activities (including share of profit of associated companies, this year \$0.9M last year Nil) 150.5 132.5 Realised property profits (including share of those of associated companies, this year £0.4M last year Nil) 1.9 155.4 134.4 (1987 estimated effective rate for year, 1986 actual rate for year) 52.9 44.7 102.5 89.7 Minority interests and preference dividends Profit after texation attributable to the Ordinary stockholders 102.4 89.6 Earnings per Ordinary stock unit:— Excluding profit on sales of property including profit on sales of property 35.0p 35.8p

40.8p Interim dividend declared 8.0p The interim dividend amounts to £22.6 million (last year £20.0 million) and will be paid on 28 March 1988 to Ordinary stockholders on the Register at the close of business on 18 February 1988.

Contribution to the group's profit after tax (excluding realised property

UK and overseas catalogue shopping and related 53.B 53.6 UK and oversess retailing (including share of associated companies income and related rentals) 9.9 9.5 Consumer and corporate finance, property rentals (excluding associated companies), investment income and business information services 30.2 30.9 Merchanting and manufacturing 6.3 6.0 100.0 100.0 Proportion of profit after tax by geographical an erty profits; lexcluding re 1986 United Kingdom Western Europe North America Far East and Africa 79.8 7.7

7.6 4.9 4.1 100.0 100.0 Trading Review In the catalogue division the policy of investment in the latest technology for offices and distribution centres contributed to the profit growth. At the same time improved techniques for marketing and merchandise selection are being further developed to cater for changing consumer preferences in design and

product innovation.

Burberrys is continuing to extend its product range and to open new stores area is contemplated in the future.

The financial division is expanding its consumer and corporate services, and increased in the period.

Currencies
Profits before tex of the oversees subsidiaries for the current half year would have been worth approximately £1.0M more in terms of conversion into Sterling at the rates prevailing on 31 March 1987 and some £2.0M more at the rates prevailing on 30 September 1986. The appreciation of Sterling's tratel weighted index makes Sterling profits (which represent 82.2% of the total) worth 2.4% more when compared with the weighted index at 31 March 1987 and 6% more compared with 30 September 1986.

10th December 1987

FIEMINGS WORLE

Eurotunnel share issue is underwritten

Robert Fleming was involved in raising the £1 billion equity

Low & Bonar

£40m rights

acquisitions

Low & Bonar, the Scottish

packaging, plastics, textiles and electronics group, is acquiring three electronics companies— two in Britain, one in the US—

two in Britain, one in the US-for a total of \$40.7m.

These deals will be largely financed by a two-for-seven rights issue at 225p per share to raise \$37.7m. This is Low's second rights issue in the past six months and follows a

one-for-four issue in April which raised £22.6m.
In its largest purchase to date Low is making a \$42.6m (£31m) agreed bid for Powerier. a

FINANCIAL TIMES 22.10.86 Robert Fleming client LOW AND BONAR

expanded its US electronics operation with the

acquisition of Powertech.

to fund

capital and advised on the £5 billion credit facilities for EUROTUNNEL.

Ferranti to merge with US defence contractor

FINANCIAL TIMES 21.9.87 Robert Fleming advised its client, INTERNATIONAL SIGNAL AND CONTROL, during its merger with Ferranti.

Dairy Farm success in Kwik-Save offer

FINANCIAL TIMES 1.7.87 Robert Fleming and Jardine Fleming helped DAIRY FARM to complete the largest successful tender offer of recent years.

Debron says yes to £17m Interface bid

Robert Fleming advised its client DEBRON INVESTMENTS during its acquisition by US-based Interface Flooring Systems.

Rohm & Haas to Sell Subsidiary

ated Profit

1505

THE JOURNAL OF COMMERCE 4.8.87 Eberstadt Fleming and Jardine Fleming helped ROHM AND HAAS complete the Trans-Pacific disposal of Hydranautics to Nitto Denko of Japan.

Phicom makes £34m buy and calls for £5.1m

FINANCIAL TIMES 16.10.87 Robert Fleming and Eberstadt Fleming enabled PHICOM to expand into the US with its first acquisition, Forma Scientific.

Valin Pollen into US with \$114m deal

rindes General Motor

DAILY TELEGRAPH 17.6.87 Innovative underwriting enabled Robert Fleming client VALIN POLLEN

to acquire a larger US company,

The Carter Organization.

Laporte in £20m US

purchase

Laporte Infestries, fac chemicals group, is to expand in the US with the \$30m in the US with the Vicings Industries, an Altanta-based supplier of formulated process chemicals to the paper addition. Vinings, a private company which made \$3m pre-tax profits last year on \$15-316m jurisder. supplies speciality inorgan

FINANCIAL TIMES 9.9.87 Eberstadt Fleming advised its client, VININGS INDUSTRIES, during its acquisition by Laporte Industries.

CapCo in £59m Australian property deal

THE INDEPENDENT 12.6.87 Robert Fleming was sole manager and broker to the issue outside Australia, placing 30 million units.

Compact disc company is sold for £15m

FINANCIAL TIMES 6.7.87 Robert Fleming and Jardine Fleming arranged the sale of DISCTEC to Distronics of Australia.

Over the past year international deals have increasingly occupied the news.

For Flemings clients, in particular, it has been a year of expanding international activity.

During 1987 Flemings successfully helped

its clients to complete a series of international mergers, acquisitions and financings worth more than £7,250 million.

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BIS maps out a sounder base for banking

achievement of that goal.

The proposals developed by central bankers on the Cooke Committee of the Bank for International Settlements will lead to substantial operational changes for banks in all the 12 countries concerned, to changes in the levels at which they price their loans, and to big increases in capital for some banks - France, Belgium and Japan are currently

viewed as having the lowest-capitalised banks.

In general, the proposals are likely to put pressure on banks – such as some US money centre banks – which concentrate on law margin wholestle banks expenses. low-margin, wholesale business and to benefit those which have a higher degree of higher-margin retail of fee-based business. They will bring off-balance sheet busi-ness fully into the net of assets subject to capital requirements.

The common minimum standard to be established is designed to provide a sounder base for the world's banking system and to iron out competitive advantages which UK banks, for example, see being held by some of their rivals. By stipulating that top-quality capital — equity and disclosed reserves — make up at least half, the committee also signalled that it was trying to improve not just the amount, but also the quality of banks'

MUCH still remains to be done before capital adequacy standards for banks in industrialised countries are unified. But there is no doubt that a consultative paper published yesterday marks an important step towards achievement of that goal.

The proposals developed by

erations, since many US banks -followed by banks in the UK and elsewhere - took large provisions this year for their Third World

in the US, banks suffered erosion of their equity, but still included the provisions in their

Key elements of the BIS proposals

A BANK'S capital is divided into core capital - equity and disclosed reserves and applementary capital.
At least half of a bank's capital base should consist of core capital.
Allowable as supplementary capital area.

tary capital are:

• hidden reserves which have been passed through the profit and loss account and are accepted by a

bank's supervisors.
• revaluation reserves revaluation reserves arising from revaluation of fixed assets — such as a bank's premises — may be included, as well as 45 per cent of unrealised gains on securities holdings.

• general provisions/loan loss reserves qualify, but provisions may not be

provisions may not be included if they are against identified losses or follow a demonstrable deterioration

capital.

"It is a major accomplishment to have got to this point," Mr Brian Quinn, head of banking supervision at the Bank of England, said yesterday. "We have broken the back of the major conceptual problems."

There are significant gaps: the committee acknowledges that it

who is chairman of the BIS committee acknowledges that it mittee bearing his name, said the accord was an attempt to strike a balance between a credible and a realistic approach. It was creditive acknowledges that it has approached only the capital needed to cover credit risk, and that it is still examining interest rate and investment risks. It also

in the value of particular hybrid debt instruments which have close similarity to equity, such as perpetual

• subordinated term debt but only up to an amount equal to 50 per cent of core

Capital requirements are to be calculated by assign-ing risk weightings both to assets and to off-balance assets and to off-balance sheet exposure. There are five weights: zero, 10, 20, 50 and 100 per cent. For example, interbank claims of less than a year's maturity would be weighted at 20 per cent, longer-term claims on depositio harbest 20 area. domestic banks at 20 per cent, and longer-term claims on foreign banks at 100 per cent. Residential mortgage loans have a 50 per cent weighting.

still to be resolved, however, is losses which may subsequently precisely how to treat loan loss arise elswhere in the portfolio reserves. This question has become highly topical during the characteristic of capital."

advising a strengthening of way capital is defined because it included the provisions in their international banks' capital believes only in counting the capital on the grounds that they

The target standard ratio of capital to weighted risk assets is 8 per cent, of which the core capital element should be at least 4 per cent. The date for its application is to be the end of 1992. Initially, banks should not allow their capital to fall below end-1867 levels.

From end-1990 there will be an interim minimum of 7.25 per cent of which half should be core capital, but up to 10 per cent of the up to 10 per cent of the required core may be made up of items in the supplementary categories. There are also interim arrangements for treatment of general loss loss reserves. The limit on the amount of subordinated debt allowable within capital will not come into effect until end-1992.

ratios since before the Third bighest quality elements were "general" - not against included in the so-called "core Two countries - believed to be general provisions to be included in the so-called "core Two countries - believed to be general provisions to be included in the committee as a whole did not general provisions to be included as one of the constituents of sociate themselves from the set sociate themselves from the set strange of the special post two years. Banking superviting of the 8 per cent minimum standard. Their argument is that a point approach for more than a year. But the new proposals allow banks, for the first time, to see a comprehensive picture of what will be expected of them.

There are significant gaps: the figure. ticular assets, they are not freely Perhaps the thorniest question available to meet unidentified

however, that it is not always possible to distinguish clearly between general provisions and those that are really earmarked against assets identified as It therefore plans over the

next three years to develop pro-posals to ensure consistency of definition of "unencumbered" resources which could be included in supplementary capi-tal. It also set a failsafe mechanism in case countries cannot agree on a definition. In that instance, reserves or provisions would be allowed to make up only 1.25 percentage points, or temporarily and in exceptional circumstances 2 points, of the 8 per cent minimum capital

requirement.
But as well as disagreements, there have been compromises. On the contentious issue of what On the contentious issue of what proportion of unrealised securities gains should be included in supplementary capital, both Japan, which is the most affected and had argued for 70 per cent, and other countries which sought a far lower level, bethe divers war in account of have given way in agreeing on 45 per cent.

On some other issues, commit-On some other issues, commit-tee members appear to have agreed to differ. Though it said it was "very conscious" of the potential systemic dangers to the banking system arising from the "double-gearing" of banks hold-ing the capital of other banks,

ences is important. Mr Quinn said yesterday that it was "most unlikely that we will slip back." If they did, he said, it would be very damaging to the world's banking system.

Japanese brokers review growth abroad

By last Rodger in Tokyo THE CRASH of the New York and London stock mar-hets is taking a bit of the steam out of the dash for growth overseas of Japan's big four securities houses. Nomura, Daiwa, Nilko and Yamalchi all say their

overseas expansion will slow down in the next few analysis - they see

crask as an opportunity to bolster their staff. "It is time to stop and review the situation," said Mr Yoshihisa Tabuchi, presi-

A Nomura official added A Nomura official added that the company's recruitment for its overseas offices would slow down and that there was now almost no chance that the group would acquire Kidder Peabody, the US securities house. Discussions between house. Discussions between the two began a month ago when General Electric, Kid-der's main shareholder, indicated an interest in sell-

ing it.
Nikko and Daiwa said that their overseas profits were already suffering before the crash – down 30 per cent in the year to Sep-tember at the pre-tax level in both cases. *Since last Angust, our overseas profits have become smaller, so it was time to review," said Mr Teratoshi Oka, an overhir Teratoshi Oka, an over-seas manager at Daiwa.

A Nikko executive said that the company still expected its overseas busi-ness to grow, but the tempo would slow down, "We need to stop hiring for a while and check all our busi-

and check all our busi-nesses," he said.

Mr Hitoshi Ishihara, man-aging director of Yamaichi's international division, said the company, which increased its overseas prof-its last year, would not be cutting its operations or its personnel in overseas branches. "In common with other learness homes, we other Japanese houses, we operate on the basis of long-term plans over a period of three years," he said.

that the sudden easing of the job market in securities New York would give Yamat-chi an opportunity to improve the quality of its staff in US and UK equities.

The big four are under considerable pressure to improve their UK and US equity divisions these days. denity divisions these days. Despite the crash, the big Japanese institutional investors are placing more of their funds abroad, but have been less than happy with the advice and service that happy has been been less than happy with the advice and service.

* Profits for the Japanese operations of foreign securities houses were misstated in the Financial Times of December 9. The combined pre-tax profit figure in the year to September was 18.46bn, a decline of \$1 per cont

US trade deficit figures trigger volatile trading

RELEASE OF far worse-than-expected US trade deficit figures sent the dollar tumbling and triggered volatile trading in the international bond markets yes

terday. Dealers initially marked US dollar bonds down sharply, but then took heart from the simultaneous fall in the US equity market. However, bonds still ended lower on the day as shares staged a late recovery and concerted central bank intervention failed to revive the dollar, sug-gesting that US interest rates would have to rise to defend the currency.
Eurodollar bond price move-

ments mirrored those in the US
Treasury market, though in very
thin trading as many dealers had
already closed their books ahead of the Christmas break. Bonds in the 10-year area closed about %

the 10-year area closed about ½ percentage point down, while five-year bonds finished about ½ points lower.

Euroyen bond prices rose, but only cautiously, in reaction to the US figures. The October trade gap suggested there was room for strong further appreciation in the yen against the dollar, but dealers saw little prospect of lower yen interest rates given the strength of the Japanese economy. Ten-year Euroyen bonds closed about ½ point higher.

ures were released, but then saw some buying in reaction to the weaker UK equity market and on some hopes that the weaker dollar might trigger a further cut in UK interest rates.

But these hopes evaporated as dealers concentrated on the content of the content

Export Credit, launched earlier in the week, was quoted at less iska Enskilda Banken, 1% bid, up % points on the day. announced on Wednesday by Dealers said other shorter-dated bonds were also in good demand. Bank of Tokyo (Dentschland) became the first Japanese bank to lead a D-Mark Eurobond issue ordinated.

higher.

Prices in the sterling sector for a non-Japanese borrower The six-year 4½ per cent bond closed lower after erratic trading with a DM50m three-year issue was quoted at around less 1½ during the afternoon. Both gilts for Industrial Credit Corporability, compared with a one per and Eurosterling bonds were tion (Dublin), guaranteed by cent selling concession.

But these hopes evaporated as dealers concentrated on the continued failure of sterling to rise above DM3. Meanwhile, the equity market recovered some of its losses. Both glits and Eurosterling bonds suffered profit-taknesses. The bond, priced at par, was quoted at less 1% bid by the lead-manager, but at lower prices elsewhere. Fees totalled 2% per cent.

Sanwa international led a

BONDS

2% per cent.

Sanwa international led a \$100m floating rate note for Sanwa International led a \$100m floating rate note for Sanwa International Finance, ing towards the close, with five year Eurosterling bonds ending about % point down.

D-Mark domestic bonds and Eurobond prices were marked up by up to % point after the announcement of the trade figures, but then fell back in the face of thin demand.

2% per cent.

Sanwa international led a \$100m floating rate note for Sanwa International led a

face of thin demand.

But a DM300m 5% per cent firmed they were joining the cofive-year bond for Swedish management group for a

Export Credit, launched earlier SFr100m bond for Skandinav-

Swedish SE to tighten settlement requirements

BY SARA WEBB IN STOCKHOLM

THE SWEDISH Stock Exchange has proved to be a problem, espe board yesterday said that it cially during the events of the intends to tighten up share deliving two months, and this is a signal to member firms and the clearing authorities to tighten up banks and brokerages will have the back office work, he said.

Perstorp, the Swedish specialty chemicals and plastics are presented its share of the process of the said of the process of the

At present, there is a five-day group, has postponed its share period for settlement and delivery. However, Mr Bengt Ryden, The rights issue was intended chief executive of the Stockholm to raise SKr293m (\$49m) for fur-

exchange, said that the statutory ther acquisitions and invest-four-day settlement period would ments in plant. The board will be reintroduced after the first seek shareholders' approval for quarter of next year.

The five-day settlement period shows signs of stabilising.

Commission considers US share control By Our Florencial Staff

THE BRADY Commission looking into the stock market collapse in October is consider-ing limits on daily stock price fluctuations.

The commission, headed by Mr Nicholas Brady, the investment banker, has been seeking the causes of the plunge and possible

Share prices in the US have not been subject to limitations, but the Chicago Mercantile Exchange imposed price limits on stock index futures contracts after the October coilanse.

FT INTERNATIONAL BOND SERVICE

Closing prices on December 10 tenet 214 . Offer day veek Yield 45 95 961₂ +01₄ 0 5.32 40 963₆ 963₆ +02₆ 0 5.25 STRAGHTS
Arab Banking 192 92
Arab Banking 192 92
Arab Flack's 54 92
Bank of Greese 6/2 9
Bank of Tokyo 54, 93
Central BK, Turkey 7
Degussa kit, 6/2 97...

garing

apnta

THE FORMER head of international borrowing at the Swedish National Debt Office, Mr Peter Engstroem, has resigned from Union Bank of Switzerland (Securities) in London, where he was appointed deputy managing director in January 1986.

The securities subsidiary of the Sweds Switzerland Capital markets. His move to Swiss bank said Mr Cees Moerhave overall responsibility and primary market activities at the firm and to participate in its would merge the securities unit with Phillips & Drew. This aunouncement appears as a matter of record only.



Deputy head of UBS Securities resigns

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December, 1987

Britoil

its bid

prepares

defences

and its tender offer designed to take its holding

to 29.9 per cent, and formu-lated plans for a swift and

lated plans for a swirt and vigorous defence.

The company, which is anxious to defend its independence, is believed to be particularly strongly opposed to a bid from BP. It fears that a takeover by BP

would involve the closure of its Glasgow headquarters, with operations absorbed into BP's already substantial upstream operations, based in London.

It is thought that a bid

from a company without its own North Sea business could be less unwelcome to the Britoil board, Any bid-

would also cause the strongest opposition from the Scottish lobby, as Britoil is the largest company in Scotland.

Britoil shares jumped by

Great Universal Stores' 14 per cent rise to \$150.5m in pre-tax profits for the half-year ended September 30 was bang in line such that for the half-year ended in the cent of Harris Queensway has with market expectations and area is contemplated in the cent of Harris Queensway has not looked so attractive in the

september 30 was bang in line with market expectations and the 15p decline to 1038p in the share price was more a reflection of the general market malaise than anything else.

Turnover was up slightly from \$1.13bn to \$1.24bn and margins pre-tax to sales, improved from 11.7 to 12.15 per cent. Estimated tax is \$52.9m compared with \$44.7m and earnings are 39.1p (35p) before crediting realised property profits of \$4.9m (\$1.9m) and 40.8p (\$58.9p) after.

The interin dividend is increased from 8p to 9p; last year's total payment was 245p per 25p ordinary.

The directors said that in the catalogue division the policy of investment in the latest technology contributed to the profit growth. At the same time improved techniques for marketing and merchandise selection are being developed to cater for changing consumer preferences in design and product innovation.

Burberrys is continuing to

Westland hit by redundancies

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impact of the weakening dollar will inevitably adversely affect the business of technologies and

the business of technologies and aerospace, by putting pressure on US sales margins.

It also described as disappointing the Government's decision not to take a greater part in the European space programme, (\$5.5m (\$6m) and minority interests \$2.8m (\$3.3m), earnings per than people's most optimistic share were down at 4.9p (16p).

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Westland, the helicopter company which was rescued amid much political controversy eighteen months ago, yesterday be done, said Sir John Cuckney, announced a 30 per cent drop in the chaltman "this work will be pre-tax profits to \$18.4m re-allocated to companies in (\$25.4m). But the fall, reflecting a \$16m exceptional provision for redundancy costs; disguised an improved trading performance.

Earlier this year Westland cut 2,000 jobs in the helicopter division, because of reduced order books. Nevertheless, earlier orders helped helicopter profits to increase from \$8.9m to \$17.3m - masking more modest growth in the aerospace division (from \$4.1m to \$4.2m) and in technologies (from \$11.5m to \$12.1m).

The company said that the impact of the weakening dollar will inevitably adversely affect.

Interest charges fell to \$1.2m orders are secure and with the (\$5.9m) reflecting the benefits of benefit of lower costs, pre-tax

partoli shares jumped by nearly 20p yesterday to 294p, based on rumours that a "white knight" would shortly emerge. The City was also pressing for clarification yesterday from the Government on the life of its golden share in Britoil.

Applyed seid that chara-Analysts said that share-holders could not decide whether to accept the BP

tender, unless they knew how long the Government planned to retain its con-trolling share. A B Engineering back into profit

Associated British Engineering returned to profits at the pre-tax level in the halfyear to end-September.

On turnover marginally lower at \$12.09m, the group made taxable profits of \$23,000 against a deficit of \$40,000 last time. Loss per 1p share emerged at 0.05p

The directors said the suc s of the recent rights iss had left the group in a suffi-ciently strong position to weather possible difficulties.

Clay Harris considers the true valuation of BCal

Price is in the eye of the beholder

IS British Caledonian Group worth \$553m, \$420m, \$325m, \$200m, \$156m or somewhat less than \$150m? In the past two days, theoretical support could be found for any of the figures, but the real answer is: it depends sas on who wants to buy or invest in New investors

THE FIRST public signs of Britoil's defence against a possible bid from British Petroleum will emerge today in a letter to share-holders spelling out in the firmest tones its opposition to being taken over. Four of the prices relate to the Other existing BCal-recommended recapitalisation package announced by Assemptions 31 accepts offer for 2.16m 8Cal starts; existing stareholders, part from 3, take up a Scandinavian Airlines System on right; but exercise of current options. "Acciding 3.50% is A ordered take the ordered with the content of the content options," and the content options of the content options are convertible into ordering at 80-10-113 ****Including 0.83% convertible pressure of the content options of the convertible pressure of the content options options of the content options options of the content options options of the content options op to being taken over.
The directors of Britoil, the largest oil independent company in the UK, met yesterday to discuss BP's dramatic dawn raid on Tuesday Wednesday night, one to the increased cash offer unveiled by British Airways barely 12 hours

unchanged share terms.

Extrapolation of SAS's partial offer and underwriting of a subsequent rights issue could put any of three values on the whole of BCal, depending on how the complex three-stage (or four-lost £19.3m before tax in 1985-86 and is likely to have returned to

shares. This implies a full value of \$420m, more than double yesterday's increased offer from BA. But the effect of two subsequent rights issues to raise \$30m and \$20m, respectively, would have the net effect of reducing option. Once the regulatory environment. To come out at this level, however, SAS would have to take up as underwriter the full second cash call, to raise its total investment to \$130m.

The Scandinavian airline fully expects to do so. One reason it is

VOTING SHARES (%) IN BRITISH CALEDONIAN AT EACH STAGE
OF PROPOSED RECAPITALISATION After - After capital offer reconstruction Existing ordinary *23.50 **19.17 ***23.53 33.80

increased cash offer unveiled by British Airways barely 12 hours later, and the last to BA's unchanged share terms.

Willing to pay so handsomely for ity over what qualifies as a UK airline were likely to be numbered, as the European Community moved towards a common shareholders will forgo their rights.

stage) recapitalisation plan and is likely to have returned to profit in 12 months to October 31

SAS plans to offer £110m for only on the strength of selling its 26.14 per cent of BCal's existing Copthorne hotels operation for shares. This implies a full value the year and the profit of the profit in 12 months to October 31

26.10 This implies a full value the year and the profit of the profit in 12 months to October 31

SAS plans to offer £110m for conty on the strength of selling its conty of the year and the profit in 12 months to October 31

SAS plans to offer £110m for conty on the strength of selling its conty of the profit in 12 months to October 31

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SA

market and deregulation of avia-

market and deregulation of aviation.

The package is designed to satisfy the CAA's present requirements, but SAS is paying what appears to be a high price because it believes the rules will change within a decade. If this faith is justified, SAS's \$130m investment will have valued the aptire group at £325m. entire group at £325m.

have taken a more conservative line. Their \$30m would get them 19.17 per cent of voting rights, valuing the whole at \$156m.

employee trust which would hold 7.19 per cent of BCal's shares. The \$11.2m investment

After would make this Britain's largest would make this Britain's largest employee share ownership plan.

The highest full price anyone has ever been willing to stump 19.17 up for BCal was \$249m, the 16.90 value of BA's original share offer at the close on July 16, the day it was announced. The BA share price slipped afterwards and other price slipped afterwards and the market. the market.

> month, by yesterday it was worth almost exactly \$100m less than the peak. The cash alterna-tive in July was \$220m. By November, only a cash offer worth \$119m could be underwritten.

day's increased cash offer from its own resources. At the end of its first half on September 30, BA had net cash of Scim. A \$200m cash takeover of BCal plus the entire group at 525m.

The dozen or so UK institutions which have agreed to underwrite - and expect to end up with - the first rights issue,

March 1988.

This is viewed by analysts as well within BA's short-term scope, especially considering the savings its rationalisation plan More importantly, they would get a 9 per cent dividend on the convertible preference, a high return by UK standards on such a security.

Among the institutions is an savings its rationalisation plan will bring. But with the summer travel peak beginning in only six months time, BA would have to prune hard and fast to get the combined group into shape by that time.

KIO increases its interest in BP

Most of the increase is thought to have been achieved in a buy-ing spree last Friday when the volume of trading in BP's new-ly-issued partly-paid shares reached 157m. But the KiO is thought to have been back in the marketplace yesterday, when another 81m of the partly-paid shares changed hands.

Stock market analysts expect the KIO to continue building up its stake in BP till it reaches 15 the KIO to continue building up its stake in BP till it reaches 15 the safety net has gone.

The KIO said yesterday that it had increased its stake in DRG.

half year to September 26.

Slight pickup at Morceau

Morcean Holdings, fire protection specialist, showed some recovery in the second half, and the directors forecast that would

the directors forecast that would continue at a steady rate.
Following a substantial downturn to losses of £314,000 in the first half, the company recorded a loss of £317,000 for the full year ended September 30 1987.

The interim dividend was a state of the first half, the first half, the first half.

The interim dividend was omitted but a final of 1p is recommended. For the year 1985-86 the company made a pre-tax profit of \$1.95m, with \$1.71m at halfway, and paid an interim of 1.5p and a final of 2.5p.

Majority of the recovery was the result of a substantial increase in UK construction industry activities.

increase in UK construction industry activities.

At the start of the current year the company had work in hand of £7.3m, and subsequently received a further £2m in orders.

Cash position remained strong Investment had been made in latest technology to improve productivity and minimise time.

ductivity and minimise time spent on site.

New London Oil, the oil

exploration holding company, reduced losses from \$560,000 to \$264,000 (£144,578) and more than doubled turnover on oil and gas sales from \$910,000 to \$2.08m for the six months to September 30 1987.

Loss per share was reduced to 0.7 cents (2.6 cents).

The directors said that the

company's current cash balance exceeded \$5m, a position

strengthened by positive cash flow and the absence of bank debt. Cash flow increased to

\$535,000 compared with a nega-tive corresponding figure of \$67,000. Benefits had also come

from price improvements in oil

New London Oil

reduces losses

The lower profit was due to deteriation in retail trading at

THE Kuwait Investment per cent. Up to that level the KIO faces no restrictions on the KIO faces no restrictions on the KIO faces no restrictions on the pace at which it can buy BP's shares, but it must declare the size of its stake every time it increases by more than one percent to 11.52 per cent.

The KIO is paying about 73p a share for the partly-paid stock in spite of the likelihood that the shares will be cheaper on the expiry of the Bank of England's 70p buy-back arrangement. This is because of the easy availability of the shares at this price, a

Stewart & Sidlaw profits Wight down decline to £2.9m at midterm

Reduced pre-tax profits of \$2.88m were announced by Sidlaw Group for the year to Octo-ber 2 compared with \$3.37m pre-Lower pre-tax profits, down from \$54,622 to \$44,812, were announced by Stewart &

is proposed, which maintains the total payment at 5.5p. Earnings fell to 9.22p (9.93p) per share.

Deen sold. The company is no longer engaged in retail trading. Gross rental income for the period amounted to \$68,878 (\$63,108) and retail turnover to \$25,940 (\$88,621). The estimated tax charge is \$15,700 (\$20,809) and there was an extraordinary credit of \$57,961(\$25,2523) which represents the gain on the sale of a freehold advertising site earlier this year, less the cost of the closure of the shop at The Cut.

Earnings per \$1 share were 36.9p (42.91).

Waterglade lifts profits to over £2m halfway

PROPERTY INVESTOR and developer Warterglade International Holdings lifted its Clacton. At the Ealing development from \$1.59m to \$2.07m in ment the food court was let and letting of remaining units was 1930 1987. 30 1987.

by a final of 2p.

Mr W. Adams, the chairman, said all developments were in areas of strong tenant demand, and he remained confident about

The company, which came to the market last April, is paying an interim dividend of 1.5p. The forecast was 1.25p to be followed substantial profit. Results also residential site in Clacton at a substantial profit. Results also included profit realised from the sale of the 1.7 acres industrial site at Crawley to Nissan UK.

Prospects for the city properties remained very encouraging.

DIVIDENDS ANNOUNCED

	Current	οſ	ponding	for	last
	payment	payment	div	year	year
Booth Indint	1.5	-	1		3
Bradstockfin	3.6	Арг 7	2.65*	5	3.75*
BB & EAint	1		0.75	-	1.75
Dowtyint		Маг 31	2.6	-	6.2
Evans of Leeds int		Jan 8	1.63		4.75.
Flexello Castfin	3.1	-	2.8	4.5	4.1
Greinger Trest fin	2.58	-	2.07	3.33	2.67
Greycoatint			1.2		275
GUSint	9†	Маг 28	8		24.5
Lrish Distill fin	5.65★	-	5.65	7.65	7.65
Morceanfin	1		2.5	l	4
Phoenix Timber int	1†	Jan 23	nil	-	1.5
Pilkingtonint	2.35‡	Feb 12	2.17*	-	7.33
Sidlawfin	3.5	-	2.75	5.5	5.5
Syltoneint			3.6	-	10
Thorn EMIint		Mar 4	5		18.5
Wagon Industrial int		Mar 21	4		.10
Watergladeint	1.5	Jan 29		•	-
Westlandfin		Feb 11	nil	3.5	nil
Western Selectfin	1.9†		1.7	3.4	3
Whessoe fin	1	Jan 30	3	I	5.5

Dividends shown pence per share net except where otherwise stated. *Rouivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. •Unquoted stock. •Third market.‡ Carries scrip option.‡Irish currency.

rois auternsement is issued in computate unione exploraments y the Council of the with Extrempt, it does not constitute an ingitation to the public to subscribe for or purchase any sleave. Application less been made to the Council of The Stock Exchange for admission to the Official list of all the ordinary sleave, issued and being issued, of international Colour Management plc. It is expected that history will become effective and that dealings will commence on 17th Excember. 1987



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International Colour Management plc designs, assembles and supplies computer-based systems, using its own software, for measuring colour, predicting colour matches and con-

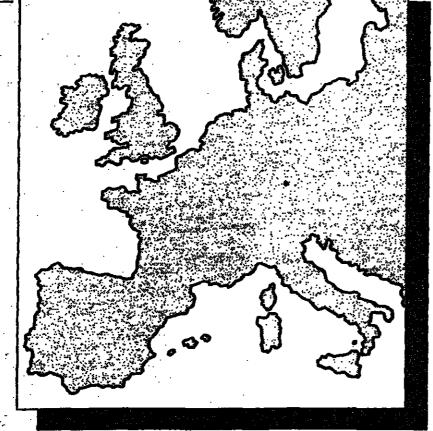
Listing particulars of the Company are available in the statistical services of Extel Financial Limited. Copies of such particulars will be available during normal business hours on any weekday, Saturdays and Bank Holidays excepted, up to and including 29th December, 1987.

International Colour Management plc Kennetside Park Industrial Estate, Newbury, Berkshire RG1-i 5TE

Rowe & Pitman Ltd., 1 Finsbury Avenue. London EC2M 2PA.

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11th December, 1987



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CONTINUED GROWTH AT HALF YEAR

	_	
Half Year to	Half Vestr to	Year Ended
30th September	30th September	31st March
1987	1986	1987
£*000	£000	€000€
52,971	43,132	95,244
3,424	3,108	7,544
10.82p	10.18p	25.10p
4.5n	4.0n	10.0p
	50th September 1967 £'000 52,971 3,424 10.82p	30th September 1987 1986 1986 5000 52,971 43,132 3,424 3,108

66We remain confident in our ability to achieve continued profit growth having strengthened the base of the Group.

Our overall strategy remains to expand by acquisition in addition to internal growth.99 Paul D. Taylor, Chairman

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Property Investment Group

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30th SEPTEMBER 1987

C1525 C011-C21 1-C1				
Total revenue	6 months to 30/9/87 £5,288,891	6 months to 30/9/86 £4,638,312		
Profit on Ordinary Activities after Interest and other charges Taxation at 35% (1986–35%)	2,772,964 970,537	2,510,181 878,563		
Profit attributable to shareholders	£1,802,427	21,631,618		
Earnings per share	5.495p 2.0p	4,974p 1,625p		
The increased dividend will be paid on 8th January, 1988, to all share- holders on the register on 18th December, 1987, and will absorb £656,000.				

Martin Dickson on the large new shareholders in Sears

Al-Fayeds keep the City guessing

long surrounded the Egyptian Al-Fayed family, owner of the House of Fraser stores chain, grew a little thicker yesterday when it emerged as the holder of a 10 per cent stake in Sears, one of Britain's biggest high street retailer, and a long time subject

bid speculation.

The family's purchase of a stake of over 8 per cent held by Mr Robert Holmes a Court's Bell Group and further purchases in the market took City analysts by

Mr Mohamed Al-Fayed, who is Mr Monamec Ar-rayea, who is chairman of Harrods, House of Fraser's flagship store, described it as a "sound long-term invest-ment" while Mr Geoffrey Mait-land Smith, chairman of Sears, expressed delight at his new shareholder the indications were snareholder the indications were that the Al-Fayeds had no inten-tion of bidding for the company, and this would allow Sears, which has been surrounded by

which has been surrounded by bid rumours for two years, to "get back to business as usual."
Yet analysts were quick to point out that \$210m is a great deal of money to pay out for a simple "long-term in extrement."
What were created the Al-France.

be planning?

The idea of them launching a its "confider full takeover themselves was generally discounted, and this was reflected in yesterday's fall in the Sears share price. The have enough thouse of leave the search of the company has a market capitalisation of over \$2bn

Al-Fayeds — a subject of bitter controversy between the family and arch-enemy Lonrho — a bid retailer brought in to run the but the most fabulously wealthy executive after little of friedom.

of private investors.

Furthermore, Department of Trade inspectors are currently investigating the circumstances surrounding the Al-Fayeds' take-over of House of Fraser in 1986, following a vitriolic campaign of abuse from rival contender London.





yesterday's statement to stress its 'confidence in the long-term future of Britain and the British Forthermore, the family may

as reflected in yesterday's fail
the Sears share price. The
mpany has a market capitalision of over \$2bn.

Whatever the wealth of the
h-Fayeds — a subject of bitter
Last October Mr Brian Walsh, a

private company and the Al-A bid for Sears might attract Fayeds are sparing in their com-the attentions of the Monopolies ments to the Press, details of the Commission, and the Al-Fayeds company's trading performance would be unlikely to welcome a are sketchy. But the evidence further entanglement with the reaching City analysts suggests



regulatory authorities at this that last year's performance was get back to business as usual."

Yet analysts were quick to point out that \$210m is a great deal of money to pay out for a simple "long-term investment."

What more could the Al-Fayeds

Westerdsy's statement to stress

The glandary authorness at this incommance was not particularly sparkling —hardly suprising in view of the Chernobyl disaster on tourists from America.

A substantial number of its provincial stores are also reputed to the provincial stores are also reputed to the particularly suprising in view of the chardly suprising in view of the impact of the Chernobyl disaster on tourists from America.

to be up for sale.

Although unlikely to launch a full bid for Sears, the Al-Fayeds — who have been dubbed collectors of centres of excellence" -might be interested in some of the more glittering parts of the empire, notably Selfridges, the Oxford Street rival to Harrods, and Garrard, the crown jewel-

break-up bid, a 10 per cent stake could give them a considerable

say in the outcome.

Alternatively, they may be interested in closer co-operation between the two chains. Some ties already exist, in that Sears has some clothing and footwear outlets in some House of Fraser stores. But Mr Maitland Smith said preterious that no please for said yesterday that no plans for further co-operation had been

Whatever their motives, they have bought a stake in a company which is undergoing a sub-

stantial uprating in the eyes of the City after years being labelled the "sleeping giant of the retail sector."

Built up in the 1960s and 1960s by the late Sir Charles Clore, one of the greatest takeover practionioners of his time, Sears grew into a widely diversified conglomerate. But despite 15 per cent compound growth in earnings over the past five years, it came to be regarded as a dull, unimaginative performer in a sector boasting such innovative and acquisition-hungry companies as Burton and Next.

Part of its problem is the make-up of the group. It owns Britain's biggest footwear retailer in the British Shoe Corporation (chains include Dolcis, Saxone and Manfield) and is one of the biggest manufacturers. This accounts for some two fifths of profits and is a very

Over the past two to three years the group has started to look more active, buying businesses and seiling off peripheral interests in the motor trade and

The footwear retailing interests have also been refashioned with the chains divided into four groups each aimed at a separate segment of the market.

Much of the credit for the tougher new style is given by analysts to Mr Michael Pickard, former head of Imperial Group's brewing interests, who came to Sears in September last year and has just taken over as chief executive from Mr Maitland Smith.

Brokers are forecasting pre-tax profits of around \$240m for the year to January, up from \$218.7m, and in the wake of the stock market crash they have rediscovered Sears as a good defensive stock: whatever the economic environment, people economic environment, people have to go on buying shoes and clothes. Added to that, there remains a frisson of takeover speculation — though after yesterday's events that is much diminished.

ICM rejigs

expense of preparing for the flo-tation ICM had decided to go ahead, even if that entailed accepting a lower price for its

equity.

ICM was formed in the early
1970s and operated initially as a distributor of colour measuring instruments. It then began to develop specialised computer software and to assemble its own systems. In 1984, it acquired Texicon, a loss-making business

Texicon, a loss-making business in an allied area.

The losses from Texicon depressed the company's profits performance in 1984/85, but ICM has since recovered. It produced pre-tax profits of \$1.1m on sales of \$12.5m in the year to June 30. In the placing, through Rowe & Pitman, ICM will issue 2.65m shares, or 24 per cent of its equity, at 85p a share. It is going public on an historic p/e of 11.5. A little more than half the money raised will be ploughed back into the company in order to fund future acquisitions.

Greycoat moves up to £6.3m

Greycoat Group, property investor and developer, saw pretax profits surge from \$3.88m to \$6.33m in the half year ended September 30 1987.

Net rental income moved up to \$5.46m (\$3.99m), surplus on sale of properties to \$1m (\$727,000), and interest received and other income to \$2m (\$1.38m). Associates contributed \$600.000

ates contributed £600,000 (£237,000).

After tax £500,000 (£360,000) earnings came to 7.8p (4.9p). The interim dividend is raised to 1.6p (1.2n) (12p).

Finance expenses of £1.67m
(\$1.42m) were stated after
\$3.46m (£1.55m) capitalisation
relating to developing properties,
and administration charges of
£1.07m (£1.04m) after £1.53m
(£1.09m) capitalisation.

Dollar hits Syltone

The strength of sterling against the US dollar was making it dif-ficult for Syltone to recover a reasonable profit margin on exports to North America, said chairman, Mr John Clegg, yester-

day.

He said the engineering company had taken steps to increase the element of US manufactured products as a defensive strategy. The company's interim pre-tax profits improved from \$421,000 to \$725,000 in the half-year to September 30 1987. The interim dividend is 4p net (3.6p).

BET to sell its simulation and radio operations

The businesses up for sale are Rediffusion Simulation, a world leader in advanced technology flight simulators for civil and military aircraft, Rediffusion Radio Systems, which supplies electronic communication equipment for the military and professional markets and a number of sional markets, and a number of Rediffusion's overseas interests ranging from TV rental to radio

Sign.

Mr John Griffiths, finance director, said the company had for some time been concentrating its efforts on its core operations, industrial support services, which includes cleaning and waste disposal and textile rental. It wanted to continue that focus and the Rediffusion bisinesses did not fit in.

There was no scope for cross fertilisation of the customer traffic control and surveillance. For the year to March 31 1987 it made \$1m operating profits on sales of \$14m.

BET has been gradually moving its emphasis away from electronics and leisure. In 1982, this division made the largest single contribution to operating profits on \$8.5 per cent. This had fallen to 12.9 per cent for the year to March 31 1987 it made \$1m operating profits on sales of \$14m.

BET has been gradually moving its emphasis away from electronics and leisure. In 1982, this division made the largest single contribution to operating profits on sales of \$14m.

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BET has been gradually moving its emphasis away from electronics and leisure. In 1982, this division made the largest single contribution to operating profits on sales of \$14m.

BET, the international services group, said yesterday it is to sell its simulation and radio operations, a key part of the company's electronics and communications division.

The hydrogeness of for sale are programs for all current-genera-tion Airbus, Boeing and McDon-nell Douglas civil aircraft.

The company has 35 per cent of the world civil aviation flight simulator market and 40 per cent of the UK military market. It has subcontracted on a number of US military programmes includ-ing the B-1 bomber and Boeing Awacs.

Rediffusion Radio Systems supplies military, maritime, gov-ernment and civil customers internationally with electronic broadcasting.

BET would not put a figure on what it hoped to get for the businesses but analysts were suggesting a total of about \$100m to raffic control and surveillance.

Ear the year to March 31 1987 it

fertilisation of the customer
base and although Rediffusion trial services divisions have simulation could certainly operate as a stand-alone company and now represent two-thirds of

ate as a stand-alone company within BET, it would prosper better in another person's ownership, he said.

Rediffusion Simulation made operating profits of \$9.5m for London, and Bear, Stearns in the year to March 31 1987 on New York to handle the sales.

Pilkington surges to £122m midway

BY STEVEN BUTLER

Pilkington, the UK-based glass group, moved strongly forward in the six months to September 26, reporting a 40 per cent. Increase in pre-tax profits to 5122m, a figure that was cut by 55m due to exchange rate fluctuatiess. Sales rose to \$1.16bn, an increase of 23 per cent. Changes in the accounting period boosted profits by \$56.6m.

period boosted improved performance came despite a severe settack at Libbey-Owens-Ford, Pilkington's use control of colour in the textile and plastics industries, is joining the stock market in a placing which will value its business at \$39.5m.

The company had originally planned to go public in October, but cancelled the fibration at the eleventh hour because of the stock market oflagse. Had the placing gone ahead on schedule, ICM would have been capitalised at about £16m, almost 70 per cent higher than its present value.

Mr lan Williams, managing director, said that having through all the improved performance indeed was declared at 2.35p, per cent. The dividend payor, the company, however, rose in the company, however, rose in the company, however, rose per cent to \$17.3m owing 91.6m new shares issued in concetton with the Vision Car acquisition. Interest charges for the period fell by \$1.7m to \$18.9m, although this was expected to softening of the new car market obligate. However, the company had originally lost about 10 per cent. The dividend payor, the company, however, rose in the company, however, rose and the company had originally and the company had originally and the company had originally and exchange rate losses. The set of the company had originally planted to a softening of the new car area for t

broaden the product base would

take about three years.
Otherwise, Mr Pilkington said, the group was continuing the dramatic improvements in its

Flat and safety glass continued to lead the group, with sales ris-ing from \$742.6m to \$942.8m. reading profits in flat and safety glass rose from £72.3m to £104.6m, completely on the strength of Europe, where profits soared from £21.5m to £59.1m.

Profits in opthalmic and special glass advanced from £22.5m cial glass advanced from £3m to pany.

about every currency fluctuation imaginable, not least of all dol-lars; and it has the bad fortune of being tied to General Motors through Libbey-Owens-Ford. Still, with full year pre-tax profits expected to reach about dramatic improvements in its its expected to reach about trading performance that came. \$310m, putting it on a prospectin the second half of the last tive multiple of around seven, and with a yield of six per cent, most of these dangers would our improvements in sales, profits, and earnings, he said.

Flat and safety glass continued indeed look a bit nervous, but all to lead the group with sales view of the changes Pillington has of the changes Pilkington has of the changes Plikington has made in recent years — bringing down costs, spreading itself geographically and moving steadily into higher technology products not dependent on the building sector, make it a far stronger, more recession-resistant constitutions.

Bremner edges ahead

Bremner recorded a small increase in interim pre-tax profits from £109,000 to £137,000 in the half year to July 31, but the incurring central administration costs, the retailing loss was company's move out of department store operation and into financial services.

A loss of £94,000 was reported at the Glasgow store, to be closed at the end of this year, and after incurring central administration costs, the retailing loss was £144,500. The manufacturing and factoring division also made a loss of £11,500.

1987 RESULTS

MAIN DEALERS FOR VAUXHALL-OPEL, BEDFORD AND FORD VEHICLE CONTRACT HIRE, LEASING AND RENTAL

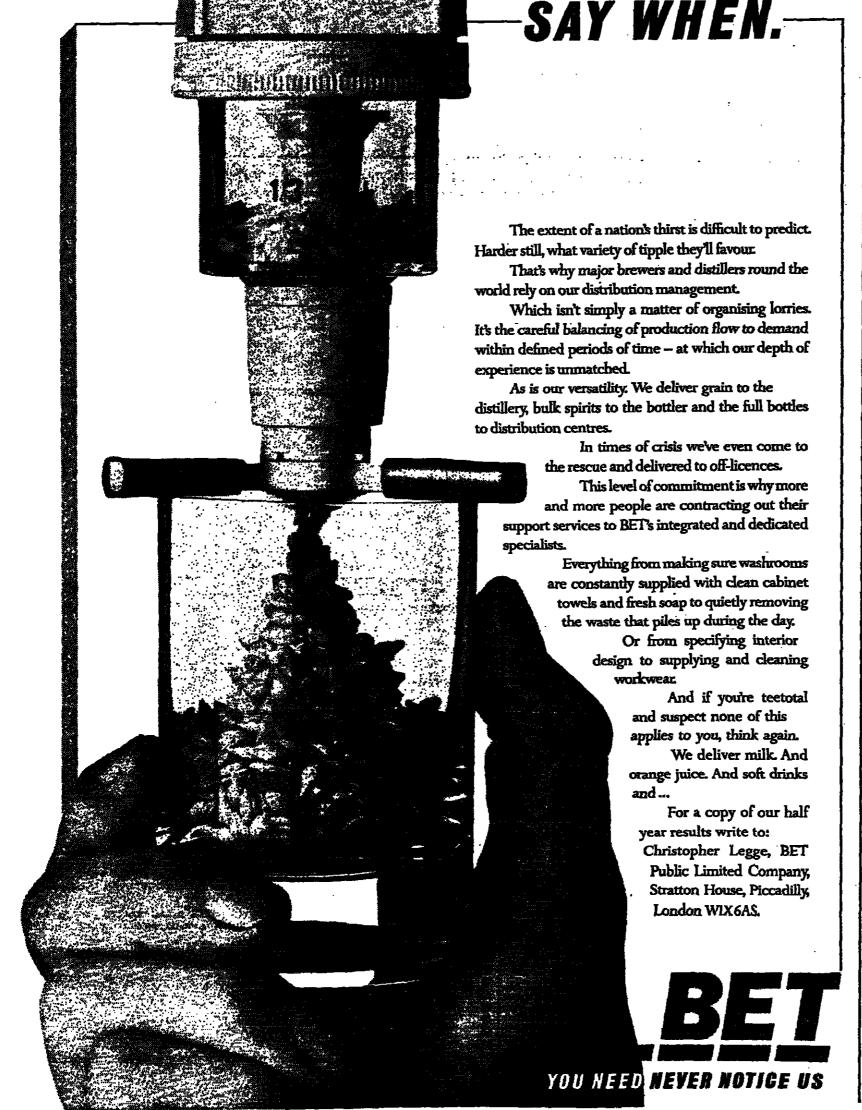
OUR 5-YEAR RECORD Dividend - p Earnings - p 1.50 1984 1985 1986 1987 --- 17.46

In his statement to shareholders the Chairman, Mr Alan Jessup, said:

"Our profit for the year ... exceeded £2 million ... we continue to progress.

"We shall be seeking acquisitions of businesses within our sector which can be efficiently integrated within our group," .

A copy of the 1987 Report and Accounts is evaluable from: The Secretary, Jessups p.i.c., Landon Road, Romford, Esser 1847 90S



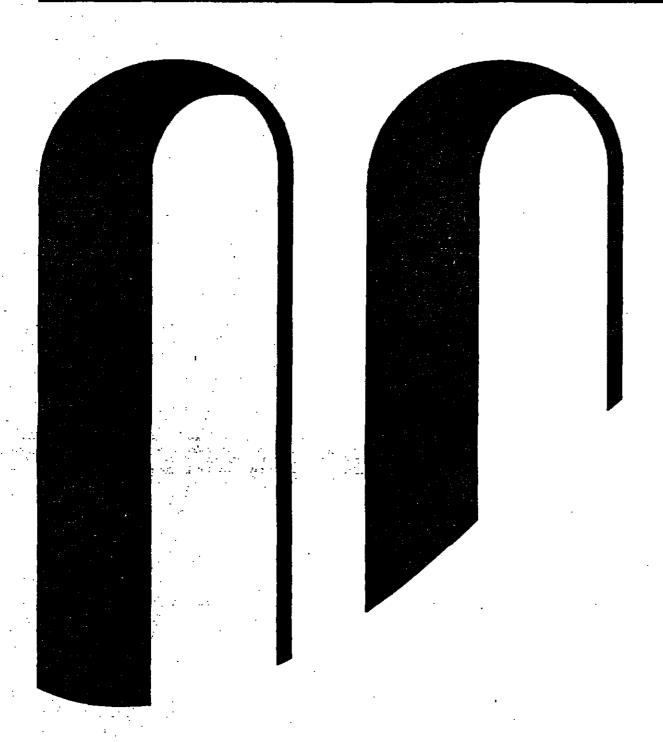
An effective
System Architecture
should provide scrutiny. B
Open Sy
an open bridge the ground
ness is to a
Olivetti of
across the

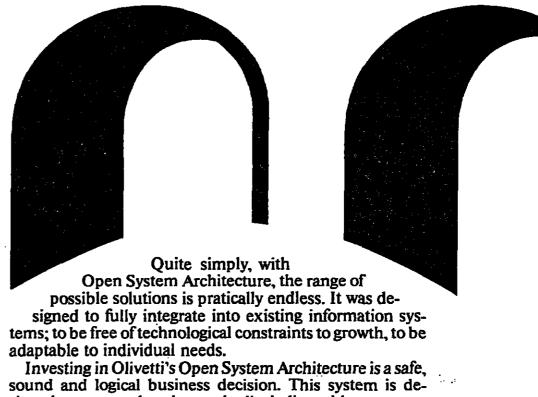
Sadly, many systems in the world of information management only purport to be "open". A few claims stand up under close scrutiny. But many are exaggerated; others are simply false.

Open System Architecture from Olivetti was built from the ground up to be open and adaptable. In fact, its openness is to a large extent its reason for being.

Olivetti developed Open System Architecture to provide across the board information management support, adaptable for whatever application the user wants to run, for whatever level in the system.

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Applications run on a new family of LSX 3000 minicomputers linking two to two hundred users, with full Local and Wide Area Network communications capability provided by Olinet products meeting the ISO/OSI standard. And with full connectibility to the MS-DOS environment and to the corporate database, wherever it's located.

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INC. MS-DOS is a trademark of Microsoft Inc.

Western **Selection** doubled

Western Selection, investment finance company, doubled its profits to \$2.2m pre-tax over the year to September 30 and is rais-ing shareholders dividend from

and starenoiders dividend from 3p to 3.4p on the enlarged capital via a final of 1.9p.

Duratube & Wire, which generated almost 80 per cent of the group's 1985-86 profits, continued to forge ahead increasing its contribution by 54 per cent to contribution by 54 per cent to

The directors said that in the current year liquidity had been increased and satisfactory profits

Value of the portfolio was affected by the market crash.

WARNING ON SECOND HALF GROWTH

Thorn EMI rises 46% midway

electronics group, yesterday announced a 46 per cent increase in interim pre-tax profits – but
warned that the rate of growth
could not be sustained at that
level during the second half.

The note of caution was offset
by details of further restructuring at Inmos, the loss-making
semiconductor company. The

executive, cautioned that a fall-ing-off in consumer confidence would curtail demand for brown goods both in the UK and the US. Mr Colin Southgate, chief

Earnings per share growth, which rose 41 per cent to 13.7p in the six months to the end of September, would be held back

Thorn EMI, the diversified rights issue to finance the \$371m interim dividend from 5p to 6p rental's business, saying that the electronics group, yesterday acquisition of Rent-A-Center in announced a 46 per cent increase a August.

The note of caution was offset interim pre-tax profits — but the details of further restrictive.

The note of caution was offset interim pre-tax profits — but the details of further restrictive.

January.

HMV is enjoying buoyant seasonal sales, and the music division was doing well as a result of the Beatles CD releases. On balance, however, the \$19.2m increase in pre-tax profits to \$560.7m and the increase in the

The note of caution was offset by details of further restructuring at Inmos, the loss-making semiconductor company. The closure of its manufacturing operations in Colorado Springs, US, would result in annual savings of \$20m as from next January.

HMV is enjoying buoyant seasonal sales, and the music division was doing well as a result of the Beatles CD releases. On balance, however, the \$19.2m
Mr Southsate stressed that the

result of a successful of for Elec-tronic Rentals by Granada.

Music showed a £6.6m turn-around to a profit of £1.5m on £326.6m (£506.1m) turnover. consumer and commercial operations showed a near threefold improvement to \$7.6m (\$2.7m) on sales of \$188.5m (\$175.1m). Technology generated profits of \$7.3m (\$4.4m), despite a loss of \$10m (\$7m) at inmos. The tax rate fell from 43.3 per

cent to 39 per cent; finance charges fell from \$16.8m to \$11.7m, with gearing at under 15 per cent.

Colin Southgete, chief executive:consumer confidence declining



Australasians hold fire on Ranks Hovis bid assault

Nikki Tait examines Goodman Fielder's ambitions

GOODMAN FIELDER Wattie, the Australasian food group which holds a 29.9 per cent stake in Ranks Hovis McDougall, yester-day played down any suggesmonths by the New Zealand Commerce Commission.
The Australasian company tions of an early all-out assault on the British company. According to Mr Doug Halley, GFW's general manager in says that sorting out the enlarged group will take six to 12 months; it has already said that it would not bid for RHM charge of treasury - currently in Britain to oversee the launch of

charge of treasury — currently in Britain to oversee the launch of a London listing next week — Goodman feels that its hands are full with the aftermath of the Wattie merger at present.

The deal with Wattie, New Zealand's largest food group, became effective last month, having been delayed almost 11 that it would not bid for RHM before April.

In addition, Mr Halley added that the relative share ratings would pose a problem for an all-paper bid — RHM stands on a higher p/e than GFW. And with Goodman's gearing levels, he conceded, it would be difficult to launch a full cash bid.

restructuring elsewhere.
Goodman also disclosed yester-day that it has received offers

Goodman's latest annual report — pre-Wattie — showed gearing aimost doubled to 153 per cent, and total net debt of A\$981m. Yesterday, Mr Halley said that the company hoped to reduce that to the 100 per cent level by its June year-end, through at least one disposal and restructuring elsewhere.

Goodman wait for the moment.

Goodman maintains that it is Goodman had originally planned to raise money in London at the time of its listing and the company's chairman, Mr Pat Goodman, was due to visit London.

In the wake of the stock margan is desired as a low-key being treated as a low-key is being treated as a low-key.

terms.
Requests by Goodman for a for its RHM holding - in particuses on the RHM board met a The shares are due to start tradlar from an unnamed European firm rebuff from RHM last ing here on Wednesday.

group. "But I don't think we month, but the Australasian Goodman has yet to receive want to sell out," added Mr Halgroup says its still hopes for cothe A\$484m due this month from

In the wake of the stock mar-ket collapse, however, the listing is being treated as a low-key affair with no new money raised.

AFP Investment, the Australian arr investment, the Australian investment company, as a result of the renegotiated option deal involving Goodman's 144m shares in Elders IXL.

with the Sydney Stock Exchange whether the revised arrange-ments with AFP should be put to shareholders. However, Mr Halshareholders. However, Mr Halley said yesterday that Goodman either expects to receive the full amount this month if shareholder approval is not required, or A\$196m upfront and the remaining A\$288m once shareholder approval has been

All-round growth helps Dowty to 15% improvement

slight increase in tax charge from \$8.4m to \$9.9m. The dividend is 2.8p (2.6p).

The information technology division reported the strongest pre-tax increase, with profits 87 per cent higher at \$3.5m on turnover up 42 per cent to \$31m.

Mr Tony Thatcher, chief executive said the order intake was strong but costs would increase strong but costs would increase over the second half. Data com-munication products performed

particularly well.

Aerospace profits advanced 18
per cent to £12.7m including acquisitions, with civil programmes at Boeing, Airbus and British Aerospace making an

Whessoe £4.8m in loss

A COMBINATION of \$3.1m and base of the group more redundancy and restructuring closely into line with the level of costs and the severe shortage of demand for its services. The conwork available to the main UK sequent improvement in its companies pushed Whessoe sharply into the red in the year to September 26.

to September 26.
The troubled engineering company, in which Hong Kong-based Overseas Strategic Investments in October declared a 6.2 percent stake, saw last time's taxable profits of \$4.75m turned into losses of \$4.83m on turnover down slightly from \$94.62m at \$620.00m.

Action taken to reduce costs produced better results in the second half of the year. In the first half Whessoe reported losses of \$5.38m (\$1.37m profits). However, the full impact on the competitiveness, profitability and cash flow of the group would only be felt during the current year.

A breakdown of contribution shows: heavy enginess a made in bringing the cost

Wagon Industrial trend

continues with 10% rise

GOOD performances with strong profit improvements from its material handling and storage division and engineering division, kept Wagon Industrial Holdings on a growth tack in the six months to September 30 last in spite of a reduced profit contribution from the office equipment section.

The improvement in pre-tax profits was one of 10 per cent from \$3.11m to \$3.42m on turnover which advanced from s43.13m to \$52.97m. The interim dividend goes up 0.5p to 4.5p from earnings of 10.82p (10.18p).

Turnover of materials handling increased from \$22.38m to \$31.04m with profits up from \$2.04m with profits up from \$2.04m to \$2.76m, and in the engineering division sales reached \$4.85m (\$4.09m); in the office equipment division sales

and dividend cut to 1p

Dowty announced pre-tax profits 15 per cent higher for the six months to September 30 of \$256.4m, down by \$100,000 on currency translation, which also reduced turnover by \$1.1m.

Group turnover increased by 14 per cent to \$292.8m, with domestic sales growing faster than those overseas.

This will not be a growth business this year, said Mr Thatcher.

Genring has risen to nearly 40 per cent while the interest charge rose from \$1.3m to \$3.2m as a result of acquisitions costing than those overseas. Group turnover increased by 14 per cent to \$292.5m, with domestic sales growing faster than those overseas.

Earnings per share also rose by 14 per cent to 7.9p (6.9p) after a slight increase in tax charge from \$8.4m to \$9.9m. The division of the second of the second

per cent in 1983/4. Prospects are good this year for aerospace and electronics which will help coun-teract dull prospects for mining. Although mining is unlikely to Aerospace profits advanced 18 per cent to £12.7m including acquisitions, with civil programmes at Boeing, Airbus and British Aerospace making an Increased contribution.

The industrial division increased profits by 40 per cent to £3.4m. The Coventry hydraulics factory was shut a month ago, causing about 100 redundancies.

Mining profits were little changed at £4.9m with demand for longwall equipment falling.

UR I

AFTER SUCH GOOD RESULTS, DO NORCROS REALLY NEED TO RUN THIS AD?

The development of technical and The will to stay ahead.

Norcros is investing now for the future.

This investment shows in the revolutionary new products going into new markets.

It shows in the £40m we are spending this year on new capital equipment.

that provide that vital competitive edge.

Above all else, it shows in the strength and determination of our management and staff at every level.

the full measure of that.

'Norcros on course to hit £62m'

FINANCIAL TIMES

'Punchy set of results' INVESTORS CHRONICLE

'Norcros buoyant' THE GUARDIAN

'Boost for Norcros' THE STANDARD

'Norcros looks overseas to increase operations' THE INDEPENDENT

Phoenix Timber £0.8m as recovery accelerates

A FAVOURABLE trading climate helped Phoenix Timber Group lift taxable profits from \$132,000 to \$831,000 on turnover up from \$17.82m to \$21.11m for the six months to September 30 1987.

This compared with pre-tax profits of \$5641,000 for the year to March, up from a corresponding loss of \$973,000.

Mr Peter Quinn, chairman, said the board remained confident in the longer-term objectives of the group but cautioned shareholders that in contrast to the favourable conditions prevailing in the first six months, (\$760,000).

Grainger Trust 57% up at £4m

Grainger Trust, property investor and trader, increased pre-tax profits by 57 per cent from \$2.52m to \$3.96m on turn-over up from \$7.13m to \$12.71m for the year to September 30 1987.

A final dividend of 2.58p is proposed making 3.33p (2.67p

adjusted) for the year. Earnings per 25p share rose to 13.7p (10.8p restated).

The increase in interest payable at £5.56m (£2.48m) and trading profits, £7.56m (£3.15m) reflected the purchase of the Hatch Warren Development land at Basingstoke and the sale of the first tranche.

Booth Industries

Continuing progress was reported by Booth Industries, steel designer and engineer, in the half year to September 30, with They are lifting the interim dividend to 1.5p (1p) and have proposed a three for one scrip issue. Exmings worked through at 9.74p (5.77p) per share after tax of \$46,000 (\$22,000).

BB&EA up midway British Building and Engineering Appliances, Bedford-shire-based building equipment and plant manufacturer and supplier, posted pre-tax profits more-than-doubled to \$203,000 in the six months to end-Septem-

ber. Turnover rose to \$2.76m (\$2.22m). Tax took \$65,000

Most definitely. NORCROS INTERIM Numbers alone do not tell the full story. **RESULTS 1987** The total dedication to profitable growth Pre-Tax Profit throughout the Group. The commitment to our strategy. 5 32.6% № 12.6p human skills. The innovation of advanced manufacturing systems and new products.

It shows in the considerable savings in manufacturing costs

Not even our record Interim Results get near to showing

'Investment in new plant (is) also a significant factor with capital spending set to rise to £40 million from £26 million last year'

THE TIMES

'Norcros in line with expectation' DAILY TELEGRAPH -

For a copy of our Interim Results, please write to The Secretary, Norcros plc, Spencers Wood, Reading, Berks RG7 INT.

EXCELLENCE - COMBINED

Clive Wolman looks at the success story of Smith New Court Winning with the old ways

Smith New Court has probably Smith New Court has probably done less to change its traditional style, of management and operations than any other large Stock Exchange firm since Big Bang. And that has been one of the main reasons for the success, revealed in its half-year results, yesterday, both pre- and post-crash.

The switch to telephone dealing forced the firm to abandon its pitches on the floor of the

its pitches on the floor of the Stock Exchange. But it has

compared with 300 pre-Big Bang allows it to react swiftly across the board when necessary.. Although the firm went into the October 19 crash with a large bull position, the dealers were told to offload their shares as quickly as possible and even to sell into a rally. In addition the firm's exposure was partly covered in the options market. By the end of the third day, the firm no longer had any significant exposure to a falling market and

Stock Exchange. But it has avoided following the example of virtually all the banks which have imposed control on their newly-acquired market-making arms by subjecting the dealers to a panoply of formal position limits and risk parameters and introducing sophisticated, perhaps over-sophisticated, management accounts.

Smith has neither instead, its directors control the firm's exposure to the equity market by spending most of their day in their shirt sleeves down on its trading floor, watching deals and market movements and shouting instructions.

Exposure to a falling market and exposure to a falling market and exposure to a falling market in losses had been small.

Smith does not trade in many of the less liquid, smaller company stocks. Although its share of total market maker business with outside investors is estimated at about 17 per cent, the highest of any firm, it makes market in only 850 stocks, compared with Warburg Securities 1,400 and Barclays de Zoete 1,4

The firm's non-bureaucratic management style - even though it now employs 1,100 people and earnings per share in the half-year prior to

market-making privileges to bor-remains small.

row stock for delivery to the buyers against cash, when the sellers have failed to deliver to it. The cash flow advantage from the early delivery saved substan-tial sums of interest in the half

The slump in trading volumes since mid-November has reduced the size of the cake - from both the size of the cake - from both commissions and market-makers' spreads - for everyone. Unlike other leading market-makers, Smith has failed to gain market share since the crash, probably as a result of unjustified fears about the scale of its losses and even its solvency. The lower volumes are also leading to a removal of the settlements backlog, which is helpful to those firms and investors that have had to borrow money, but not to those who can borrow stock.

At the same time, Smith's

Smith New Court

Big Bang, is dramatic. Butthere are caveats. One is that earnings in the same period last year were depressed by heavy spending on equipment and on "golden hello" recruitment payments as the firm built up its trading and broking capacity in preparation.

those who can borrow stock. At the same time, Smith's overheads are relatively high, partly because of the high salaries it offered last year to attract broking analysts and salesmen. Only a small proportion of its remuneration costs are variable in the form of profit-related pay

firm built up its trading and broking capacity in preparation for Big Bang.

The unexpectedly high profits the balf year can be ascribed in the depressed post-crash in the depressed post-crash. The unexpectedly high profits for the half year can be ascribed to two factors, the massive trading volume in equities between May and October running at more than £1bn per day - and the Stock Exchange backlog of the

Bradstock pushes up 32% to hit £6.6m

PROPITS growth has slowed for a second year running at Bradstock Group, the insurance broker which came to the market in June 1985. But it still managed a 32 per cent increase in pre-tax profits to \$6.6m in the year to September 30.

It declared a final dividend of 3.6p, making a total of 5p, up 33 per cent on the previous year. The shares gained 5p to close at 223p.

Bradstock is the holding company for a collection of small insurance and reinsurance brokers, with specialis-ations including UK profes-ations including UK professional indemnity bus

Mr David Bradstock mr David bradstock, chairman, said the group was gaining market share in each of its three main clas-ses of business. But in view of downward pressure on insurance and reinsurance rates, growth would "not be maintained in the same rate as in the past".

Turnover for the year climbed 31 per cent to \$13.1m. Expenses were up 33 per cent at £8.17m. Investment income was \$1.71m (\$1.22m).

Earnings per share rose 38 per cent to 17.8p.

Irish Distillers well down after rationalisation costs

PRE-TAX PROFITS at Irish Distillers, in which Fil Fyfies has a 19 per cent stake, fell from 15129m to 1528m (525m) after an exceptional item of \$10.4m. This relates principally to the rationalisation of production manning levels and work practices.

It improvements with a pay back of two and a half years. "We are unlikely to see any improvement in the Irish market over the present year," he added will be realised when whiskey, now being laid down, has returned and is sold.

Profits would have been \$1m this provement in the Irish market over the present year," he added will be realised when whiskey, now being laid down, has returned and is sold.

Profits would have been \$1m those in November.

"We are unlikely to see any improvement in the Irish market over the present year," he added the provement in the Irish Distillers must be praying that Fil Fyfies is content with higher had it not been for the tices.
The exceptional item also rep-

resents the imposition of a new marketing strategy in the US, concentrating on the premium sector of the whiskey. Profit before tax and excep-

riont before tax and excep-tional item increased to \$13.1m on turnover down from \$240m to \$230m. While market share was gained in the Irish Republic market, especially in gin and vodka, the market was down by 5 per cent.

Profits would have been \$1m higher had it not been for the adverse effect of dollar fluctuations in the US, which accounts

lrish Distillers must be praying Profits would have been \$1m higher had it not been for the adverse effect of dollar fluctuations in the US, which accounts for around 11 per cent of group sales.

Borrowings rose to \$38.2m (\$38.2m) due to payments in respect of rationalisation costs.

Earnings per share after the exceptional item were 2.67p (16.28p). The board is proposing to maintain its final dividend at 15.65p which gives a total for the market, especially in gin and vodka, the market was down by 5 per cent.

Mr Richard Burrows, managing director, said rationalisation would result in major productiv-

Drayton Japan stakes BY NIKK! TAIT

RIVAL STAKE building at Drayton Japan, the \$200m MIMmanaged investment trust, is stepping up a gear MIM-Britannia yesterday announced that it had acquired a further 1.575m posals for a recommended bid rebuffed by Drayton, acquired an additional 512,089 preference with 1,011 preference shares brings its voting stake to 20 per cent.

Flexello recovers

Flexello Castors & Wheels has recovered most of the ground lost last year with pre-tax profits for the year to Sep-tember 30 rising from \$579,000 s to \$753,000, leaving it just \$33,000 short of 1984-85.

After tax of \$303,000 (\$251,000), earnings per 25p ordinary emerge at 13.6p (9.84) for the increased dividend of 4.5p (4.1p) with a final of 3.1p.

S&R purchases ICI offshoot for £10m

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Greenock-based packaging prod-ucts and fabrics manufacturer, is almost to double its polythene film business through the acqui-sition of Imperial Chemical Industries' British Visqueen subsidiary at Stockton-on-Tees.

ICI will receive around £10m for the business - a basic consid-

eration of \$4.5m for the assets, \$3.5m for finished goods stocks, and the vendor will also collect the balance of debtors and credi-Visqueen has the distinction of

being the first polythene film producer in the UK, but ICI says that its strategic importance to the group has disappeared following its withdrawal from polythene polymers manufacture in 1099

Scott & Robertson, the freenock-based packaging products and fabrics manufacturer, is dimost to double its polythene film business through the acquisition of Imperial Chemical sales of around \$35m. t has sales of around \$35m. recently traded at sound break-even. The deal will take S & R one of the five larges European polythene film man factur-

> To fund the deal, \$& R is placing approximatel \$4.5m-worth of 7½ per cent envertible worth of 1th per cent carbon redeemable preference shares, underwritten by 3i Corporate Finance. The balane will be financed through a term loan in an early feetile. and additional overtraft facili-ties, provided by Clydesdale

982. Scott & Robertson already unchanged at 185 yesterday.

Abaco in £2.25m deal BY STEVEN BUTLER

Abaco Investments, the professional services group, yesterday announced the acquisition of the Norfolk & Suffolk Group, a financial and insurance services company, for \$2.25m cash.

The acquisition is to be effected through Provincial Trust, Abaco's Manchester-based banking subsidiary, which is financing the deal through its own facilities. Abaco said the deal

Evans of Leedsup 10%

Evans of Leeds, property investment and developer, maintained the progressive upward trend in profits for every reporting period since flotation in 1971 with an 10.5 per cent improvement from £2.51m to £2.77m at the pre-tax level for the six months ended September 30.

Revenue was £5.29m (£4.64m) and after tax of £971,000 (£879,000) earnings per 25p share came out at 5.495p compared with 4.97p. The interim dividend is raised from 1.625p to 2p.

Mr John Humphries, chairman, said investments made dur

£42,800,000

for the development of this prestige office project by

Marple:International Limited

National Leasing & Finance Co.



ECORD PROFITS

"The unaudited results for the six months ended 23rd October 1987 show a profit of £10,496,000 before tax. This compares to £3,397,000 for the similar period last year.

The fully diluted earnings per share for the six months were 13.8p after allowing for the issue of new convertible preference shares for the appropriate part of the period. Had these new shares been in issue for the full period the EPS would have been 11.5p. This compares to a fully diluted EPS of 6.4p in the similar period last year.

The results cover the period of the dramatic collapse in world markets which was triggered off by the fall on Wall Street in mid-October. In arriving at the figures, full provision has been made for losses incurred in sub-underwriting the BP issue and for client defaults caused by the market fall. These provisions amount to approximately £6.8 million after tax.

The results were achieved through a combination of favourable trading conditions during most of the period under review, and strong performances from all areas of the Group. Although the short-term outlook is uncertain your Directors face the future with confidence.

This stems from the substantially increased capital base provided by the acquisition of New Court Trust in July 1987 and the combination of our skilled and experienced staff. Despite difficult market conditions the Group has achieved a net profit in the second half year to

date, although it is too early to make forecasts of the results for the full year. The Board has declared an interim dividend in respect of the year ending 6th May 1988 of 2.5p net (1987, 2p) per ordinary share, equivalent to 3.42p gross (1987, 2.82p). This dividend will be paid on 6th February 1988 to shareholders on the register on 7th January 1988.

Copies of this statement and of the figures for the six months will be sent to shareholders and are available to members of the public at the Company's Registered Office."

Anthony Lewis Chairman 10th December 1987 UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE SIX MONTHS ENDED 23RD OCTOBER 1987

	25 Apr	6 months ril 1987 to ober 1987	26 Ap	6 months vil 1986 to tober 1986	26 Ar	or the year oril 1986 to April 1987
PROFIT BEFORE TAX TAXATION	£'000	£'000 10,496 (3,674)	£'000	£'000 3.397 (1,189)	£,000	£'000 10,417 (3,146)
PROFIT' AFTER TAX DIVIDENDS Ordinary shares – per share:		6,822		2,208		7,271
Interim: 2.5p (1986, 2p) Final: 6p	(751) 	(751)	(588)	(588)	(588) (1,765)	(2,353)
RETAINED PROFITS		6,071		1,620		4,918
EARNINGS PER SHARE: Basic Fully diluted		20.5p 13.8p		7.5p 6. 4 p		24.7p 20.3p

SMITH NEW COURT

The Quitterly Report as of 30 th September 1987 ha been published and may be obtained from:

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Iran isolated in demand for Opec price increase

IRAN, still doggedly insistent on mum output capacity at present an oil price increase to a mini-mum of \$20 per barrel, yesterday placed itself truculently in a position of virtual isolation on will discuss the maximum ceilthe second day of the Organisa- ing on collection production in tion of Petroleum Exporting 1988 and the level best calculated Countries conference here.

The majority of delegations agreed that the only option open to Opec was to strive for maintenance of the fixed price formula based a central reference of \$18 angrily yesterday to suggestions that the Arab producing states of the Gulf had mounted a contract of

Mr Gholamreza Aghazadeh Iran's minister of Oil went so far as to tell other delegates that a price rise of \$4 per barrel was required to compensate for depreciation of the dollar and

He also threatened to flood the

market with Iranian output of 4m barrels a day - compared with its quota under Opec's current production sharing pact of 2.37m barrels a day.

Because of lack of investment

it is believed that Iran's opti-

Deer slaughter

second reading

Bill goes for

Countries conference here.

The majority of delegations

to sustain the increasingly eroded \$18 per barrel reference

certed effort to cast Iran in an "outcast role".

The Saudi Chief delegate is believed to be under strict instructions to avoid a confrontation with Iran at this conference, which is more bedeviled than any other previous meeting

by the consequences of the sev-en-year-old Gulf conflict. Nevertheless there was little doubt last night that the conservative Arab producers of the Gulf allied with Iraq to contem-plate an agreement excluding Iran.

Iraq, its adversary in the protracted war, is apparently prepared to accept formally a quota equal to that of Iran under a deal worked out with its paymasters Saudi Arabia and Kuwait. Since the summer of 1986 it has refused to be a party to any output sharing agree

Mainstream members of One not directly involved in the Gulf war - Venezuela, Indonesia and Nigeria - were clearly disturbed by the way in which positions at this meeting have been polarised by the conflict.

At the same time Algeria and

Libya, Iran's traditional allies in its campaign to maximise per barrel revenues, evidently believe that an output policy aimed at maintenance of \$18 per barrel is the only feasible objec-

The feudal arab producing states of the Gulf are proposing an average ceiling of 18.2m bar-rels a day next year varied on a

US dismayed at 'weak' farm trade proposal

By David Blackwell A BILL aimed at introducing strict controls on the slaughter of deer raised on farms will have

of Commons today.

Ms Emma Nicholson, MP, who introduced the Slaughter of Deer.
Bill, said this week that 30 per cent of all farmed deer are at-present slaughtered in abattoirs without proper controls or provi-Ms Nicholson's Bill would lead

to strict controls on slaughter-houses, and a ban on the killing of deer in knackers' yards. The Bill, which is supported by the Government, has been wel-comed by the British Deer Society, the British Veterinary Asso-ciation and the RSPCA.

way, Sweden and Finland in the Uruguay Round is "weak" in the area of market access.

The Secretary expressed approval that the Nordic countries endorsed the aggregate approach to negotiating the reduction of overall levels of support and protection for agriculture. He was disappointed, to be taken only by exporting however, that they did not call countries. He said it was clear that the

Even more important, he said, market access is an indispens- nations.

MR RICHARD Lyng, the US Agriable part of any effort to reduce culture Secretary, has expressed the overall level of support and dismay that the farm trade protection in agriculture around reform proposal tabled by Northe world," he said. "The Nordic proposal merely to reduce and bind more tariffs and to improve the rules for existing non-tariff barriers is simply not enough." Mr Lyng, who has called for the total elimination of subsidies

by the year 2000, said he is also opposed to the Nordics' call for immediate short-term measures

He said it was clear that the current crisis in agriculture was the result of measures taken by was the weakness of the pro-posal on market openings. all countries, whether exporters or importers, and that any soluposal on market openings. or importers, and that any solu-The removal of barriers to tion would require action by all

EC countries win swine fever battle

EUROPEAN Community Farm tries are largely free of the dis- Community officials say some Ministers agreed yesterday that ease certain regions of the Nether-Bri

pean Commission was based on nity's campaign to eradicate the various types of meat for 1988, disease. But he-said that firm in line with commitments given outbreaks of the disease or vaccinations of pigs in the last 12 concerned that if a new outbreak are for 50,000 tonnes of frozen.

does not endanger human health but has certain debilitating effects on pigs – is a highly sensitive issue in Britain, Denmark and Ireland because these coun-

Britain is particularly con-

regions of the Nether-lands. France and Greece should be officially declared free of classical swine fever.

The move will enable producers there to market their fresh meat without restrictions.

The proposal from the First conductors for invente of animals and applications.

The proposal from the First conductors for invente of animals and applications.

times disguises the disease.

Member states are required to

outbreaks of the disease or vaccinations of pigs in the last 12 concerned that if a new outbreak are for 50,000 tonnes or received in the newly designated beef — much of it from the so vaccinated animals in herds.

The minimals of pigs in the last 12 concerned that if a new outbreak are for 50,000 tonnes or received in the newly designated beef — much of it from the so vaccinated animals in herds.

The minimals of pigs in the last 12 concerned that if a new outbreak are for 50,000 tonnes or received th

Diamonds 'can weather storm'

By Kenneth Gooding, Mining

DEMAND FOR large, top-quality gem diamonds is bound to experience some weakness in the months ahead but the diamond mar-ket overall is unlikely to suffer significantly, apart from a noticeable move towards slightly cheaper jewellery, suggests Shear-son Lehman in its latest weekly mining newsletter. Analyst Mr Peter Miller contrasts the factors which

contrasts the factors which caused the severe contraction in the diamond market in the period from 1980 to 1985 and those existing today as "the prospects for an economic recession beginning sometime in 1988 grow increasingly more likely."

He points out that the ele-ments of the turnoil in the first half of the 1980s

• The dishoarding of over \$5bn worth of dismonds from dealers, cutters and speculators following the "excesses of the spectacular 1977-80 boom."

of Fears of future oversup-ply caused by the large new diamond mines of Jwaneng and Argyle coming on stream in 1982 and 1985 respectively.

Fears about the ability of

De Beers to maintain its control over the world's dia-mond markets as its balance sheet deteriorated and it faced the high cost of fin-ancing stocks built up by its Central Selling Organisation subsidiary.

High interest rates which

made the cost of holding diamonds prohibitive.

• A dramatic drop in the demand for large, top-qual-

Apart from the possibility of a drop in demand for ds, none of the large diamon other factors have any rele-vance today, Mr Miller

There are no significant diamond stockpiles outside the Central Selling Organi-sation and there are no known plans to bring any large diamond mines into production in the foreseeable future. De Beers balance sheet is

once again strong and its control of the diamond market is "unquestioned". Mr Miller says: "Not sur-prisingly, unconfirmed

that the first CSO sight (when merchants view what De Beers has to offer) after Black Monday was not very well received. The combination of the 10 per cent price increase on October 4 along with market concerns ove a possible slump kave apparently combined to put a partial brake on dealers' enthusiasm for taking new estones into stock".

Nancy Dunne on a controversial market support programme

US agonises over sugar policy

THE ANNUAL sugar debate was on again last week at the US Department of Agriculture's outlook conference, with no sign that the controversy over the US price support programme was

price support programme was ebbing.

This year, in fact, the dispute has taken a new turn over a proposal in Congress to allow the import, refining and then re-export of 400,000 tonnes of sugar outside the regular quota.

The plan is designed to provide some help for the Caribbean countries and the Philippines, which argue that their economics have suffered from the

mies have suffered from the ever-tightening quotas. The raw sugar would be imported at US prices and then would be sold on the world market with sales from USDA stocks subsidising the difference between the high domestic cost and the lower

Needless to say, the USDA, which is already under instruc-tion to produce drastic budget cuts, is the first in line to oppose

the scheme.
A recent circular sent to Capitol Hill contends that the Depart ment must use its surpluses to promote exports of US commodienough time to refine and re-export 140,000 tonnes in that
period, the Department said.

The scheme would not be gramme can be held responsible needed at all if there were no for the spread of communism among developing countries.

sugar quotas, critics say. They among developing countries contend that since 1982, when from the Ceribbean to the Philton protection was first imposed, the programme has cost Ameritary among developing countries to 70000 tonnes or less in 1988 development – imports of sugar-and topero thereafter.

An inalysis commissioned by since 1981.

can consumers over \$18bu, with ing nearly all of Cuba's sugar at larger and the Soviet Union have a premium when Fidel Castro benefited from the lower word took over, and it didn't save prices. And, according to Nr Cuba from going Communist, Hammer, Moscow has been able to make friends in Central Ametrica by increasing its imports ing countries at least get the cious, the study save.

"The US sugar program is a major success story. It has permitted the donestic sugar industry to survive in a period of almost unprecedented disaster in American agliculture. It has done so virtually without cost to the US Government"... Mr Eiler Ravahelt, vice chairman of the US Sweetener Producers Group.

"The precipitous decline n sugar imports is simply the most prominent of the many symptoms that tell us thele is something wrong with the US sugar program"... Mr Thomas Hammer, president of the Sweetener Users'

between 1981 and 1986 more himer domestic sugar price for than tenfold.

As US imports have fallen, the as a real boon compared to ties not foreign-produced products. The USDA estimated that it
would take seven months to
implement the proposal after

The ties created by trade are
pride wold 'dump' market, where prics have been ravased by EC subdised dumping policies. Congressional approval, leaving strong – even in commodities – only two months for its opera- and in the long run this could be tion in the 1988 financial year. There would then be only ing legacy, making losers of us ing legacy, making losers of us

Association.

the absence of quotas is spe-cious," the study says.

Meanwhile, Mr Hammer said,
the loss has rebounded against
the US economy because sugar
exporting countries that—were
once good customers for US agricultural and manufactured products have gradually lost the
wherewithal to purchase US
exports. exports.
Opponents of the programme

have introduced a widely-dis-cussed Bill in Congress, which would gradually reduce the sup-port price over a four-year period. Backers say it would move the US Government from a position of guaranteeing the profitability of inefficient pro-ducers to one of providing a safety net for efficient ones.

Meanwhile, as can be expected. Meanwhile, as can be expected, the sure outcome of the sugar support programme has been higher US production. Under the stimulus of assured prices beet sugar acreage rose by 8 per cent in 1986-87, followed by an increase of 5 per cent this year. Cane production was up 4 per cent last year and nearly 4.4 per cent this year. Sugarheets exist. cent this year and hearty 4.5 per cent this year. Sugarbeets, said Mr Robert Barry, a USDA analyst, yielded \$100 an acre for the 1985 crop and \$176 an acre for Fr his part, Mr Hammer Mr R admitted that, initially, some of the the thought of the theoreting countries benefited from the 18 cents price, but 1986.

With continued high prices, 1988 acreage is unlikely to decline, he said. However, demand is now suffering because

Brazilian mine sets tin target

BY PATRICK KNIGHT

BRAZIL'S Paranapanema mining company says that it will increase output at its Pitinga mine if the tin price rises above about \$8,200 a tonne.

Already the world's largest tin mine, producing 20,000 tonnes of one a year at a cost of only about \$3.5 a kg. Pitinga is now responsible for 12 per cent of world production. Mr Samuel Hannan, a Parana-

anema director and president of the Brazilian Association of Tin contrib Producing Companies, estimated and oth that about 156,000 tonnes of tin tonnes. would be produced world-wide this year. With consumption runthis year. With consumption running at about 175,000 tonnes a year current stocks of about 1988, then stocks would quickly fall below the critical level of banks and consumers, would fall to the minimum "safe" level of Whatever beauting in the

WORLD COMMODITIES PRICES

If the Association of Tin Producing Countries (ATPC) fails to agree to increase production at its meetings in January or February Paranapanema will fill the gap, Mr Hannan stated. In any

The Brazilians calculate that production by countries belong-ing to the ATPC will be 96,000 tonnes this year. The Brazilian companies will have produced 27,000 tonnes, 5,000 tonnes will have been released from the US strategic stockpile, China will contribute about 10,000 tonnes, and other producers about 18,000 tonnes.

Even if demand did not rise

about 25,000 tormes towards the kets, in July 1988 Paramapanema end of 1988, he forecast. will start to extract 80,000 cubic Paranapanema fears that if the price rises significantly tin will not win back the ground it has lost to cheaper competitors and could even lose more.

With start to extract outdoor content of the pricing soft rock from a primary one body located within the area of the Pitinga alluvial workings and probably the original source of the high

case, he added, the tin crisis was over and the Brazilians would like to see the London Metal in increasing quantities in the Exchange tin contract re-opened

revenues from sales on the

thos gains had evaporated as imposs declined from 5m tonnes

in the late 1970's to im tonnes,

Paranapanma's gross profits amounted to 60m tonnes in the first nine moths of 1987 but net profits were fown from 1986 because of higer financial costs. The company exports of 17,000 tonnes earned \$109m in 1986 and in the firstnine months of this year expets of 11,349 tonnes earned \$8m.

In 1987 total poduction will be 3.5 per cent five than last year's 19,455 tonne if things are going well for Palmanamema. The smaller Brumadhlo Mining Company, Brazil's tird largest, producing between 3000 and 2300 tonnes a warringspeeded. 2,300 tonnes a year uspended payment of creditors ast week. The ore grades at Brundinho's deposits are far lower fan those

Paranapanema is not lone in raranapanema is not lone in being able to survive at le pres-ent price, however. Onopus Mining a Rhodia subsidiar, pro-duced 1,000 tonnes of tin 1986

India 'to be aluminium exporter'

INDIA, now a net aluminium importer, will become a surplus producer in 1988/89, Mrs Ram-dulari Sinha, the Minister of State for Mines, has told Parliament, reports Renter from New Delhi.

18 NE

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She said India will have an additional production capacity of 218,000 tonnes when the stateowned National Aluminium Company completes construction of a new complex in the eastern state of Orissa. Officials said the plant, to be completed in 1989, will boost India's production capacity to 500,000 tonnes a year.

Comalco of Australia is co-op-

erating with Soviet officials in the establishment of integrated aluminium facilities in the Soviet Union, Mr Ian Gould, Comalco Mineral Products' man-

Common surface records managing director, said.
Substantial support for a joint investigation into raising Australian bauxite exports to the Soviet Union was generated in government-to-government talks during Australian Prime Minister Bob Hawke's recent visit to Moscow,

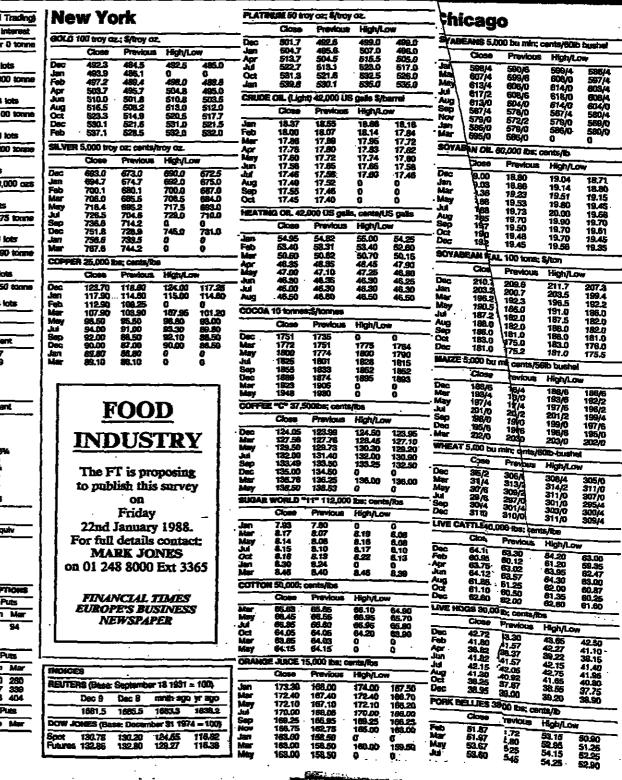
LONDON MARKETS

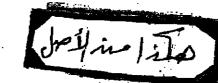
ZINC PRICES continue easier trend, reflecting the ending of a Peruviar The cash position ende £471 a tonne, the lowes November 11. Othe LM came under pressure wire copper adding £35 to We fall and cash zinc losing amount, in contrast the earlier in the week. But were linked to technical nearby supplies, were p pecause of sterling's fir March position closed £ at £1,049 a tonne, £9 be Dealers said the market consolidating following

last week's International Cocoa Agreement talks							
SPOT HARKETS							
Crude oil (per barrel FOB J	anuary)	+ 01 -					
Dubai Brent Blend W.T.I.(1 pm est) Oil products (NWE prompt	\$16.20-16.30 \$17.78-17.87 \$18.30-18.35	-0.20 5+0.10					
- proceed from prompt		+ Or -					
Premium Gasoline Gas Cil Haevy Fuel Oil Naphtha Petroleum Argus Estimates	176-178 158-161 79-80 151-153	-1					
Other		+ 01 -					
Gold (per troy oz)4 Silver (per troy oz)4 Platinum (per troy oz) Palladium (per troy oz)	\$487.50 582c \$495.50 \$118.00	+3.75 +12 +0.50 -0.25					
Aluminum (free market) Copper (US Producer) Lead (US Producer) Nickel (free market)	\$1730 122%-30%c 42c 325c	+1.25					
Tin (European tree market) Tin (Kuale Lumpur market) Tin (New York) Zinc (Euro, Prod. Price)	63810 18.85r 319.50c \$860	-15 +0.50					
Zerc (US Prime Western) Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	44.375c 108.85p 208.41p 75.02p	+4.04" +4.92" +1.90"					
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price	\$207.00w \$211.20w \$221.00	+4.40 +3.70 +8.00					
Barley (English feed) Melze (US No. 3 yellow) Wheat (US Dark Northern)	£109,00 £134,00 £92,25	+0.25					
Rubber (spot)♥ Rubber (Jan) ♥ Rubber (Feb) ♥ Rubber (KL RSS No 1 Jan)	61.50p 63.75p 83.75p 268.50m	-0.50 -0.25 -0.25 +0.50					
Coconut oil (Philippines)§ Palm Oil (Malaysian)§ Copra (Philippines)§	\$520v \$390 \$350	-10					
Soyabeans (US) Cotton "A" index Woottops (64s Super)	£147 74.20g 484p	+1 -0.30					
E a tonne unleas otherwise c-cents/lb. r-inggit/lg. w-D x-Nov/Dec. 2-Jan. y-Feb/M: Commission average fatisto from a week ago. ♥ London CIF Rotterdam. ◆ Bullion me	ec/Jen. v-Jen ir. u-Jen/Mar ck prices. * ct physical mer	/Feb. † Meat range					

\RKE	TS	COCOA	C/tonne		
			Close	Previous	High/Low
d <i>Wedne</i> : sterling's	way a	Dec	1020	1003	1022 1003
illar and n	ews of	Mar May	1049 1068	1035 1057	1058 1035 1075 1056
n miners'		Jly *	1088	1075	1096 1076
d £7 dow	n at	Sép	1108	1094	1115 1098
st price si	nce	Dec Mar	1133 1158	1118 1143	1135 1118 1157 1152
E prices :	also	Tremove	× 5020 (5	464) lats of	
vith cash (ICCO 1	ndicator p	rices (SDF	is per tonne). Daily
Vednesda g £a simik		price fo	r Decemb	er 10; 1373	is per tonne). Daily .17 (1338.66) .10 day
cocoa m		average	ICL DECSI	13: T4	01.66 (1408.97).
ows reac		COFFE	E £/tonne		
the gains			Close	Previous	High/Low
i tightnes:		Jan	1215	1227	1229 1212
pared bac		Mar	1235	1248	1251 1231
mness ar		May	1254	1271	1269 1251
E14 up on elow the (Jly Sep	1268 1285	1286 1300	1286 1269 1297 1285
t appeare		Nov	1303	1317	1297 1285 1317 1317
the		Jan	1330	1340	1332 1332
by the fa	ilure of	Turnov	ır: 2955 (1	705) lots of	5 tonnes
ai Cocoa		ICO inc	acator pri per 9: Crv	DBS (USC NO. dor#u 11	ents per pound) for 5.57 (115.61); 15 day
		average	115.98 (1	15.97).	on transfer of 1998
nuary)	+ 0r -		\$ per ton		
\$16.20-16.3		Raw	Close	Previous	High/Low
\$17.78-17.B	7 0.20	Mar	183.60	181.60	184.00 182.00
\$18.30-18.3		May Aug	183.40 183.40	181.80 182.20	184.00 181.80 184.00 182.20
elivery per t		Oct	184.60	183.00	185.00 183.00
	+ Or -	Dec Mar	166.60 190.60	184.80 188.20	188.80 188.00
(76-178 158-161	-1	May	192.60	190.00	
79-80		White	Close	Previous	High/Low
151-153		Mar	218.00	215.50	217.50 214.50
		May	222.00	220.00	221.00 218.70
1407 55	+ 01 -	Aug Oct	226.00 226.00	224.00 225.00	225,40 222,00 224,50 224,00
\$487.50 \$82c	+3.75 +12	Dec	227,00	226.00	225.50
\$495.50	+0.50	Mar May	232.00 236.00	231.00 235.00	230.00 229.00
\$118.00	-0.25				lots of 50 tonnes;
\$1730 122%-30½c	±1 95	White 2	470 (966) .		-
42c		Paris- V	Visite (FFr	per tonne):	Mar 1207, May 1228, 5, Mar 1295.
325c 23810	+3 -15	AUG 120	W, UG 12:	30, Dec 125	o, MBF 1295.
18.95r	-	GASON	L S/honne		
319.50c	+0.50		Close	Previous	High!! ow
\$86Q 44.375c		19-			High/Low.
108.85p	+4.04"	Jan Feb	158.00 154.25	157.50 154.50	190.25 157.50 157.25 154.25
208.410	+4.92	Mar	150.75	150.50 147.00	153.00 150.76
75.020	+1.90*	Apr May	147.00 147.00	146.00	149.50 147.00 147.00 146.75 147.00 147.00
\$207.00w \$211.20w	+4.40 +3.70	Jun	147.00	146.50	147.00 147.00
221.00	+3.00	Turnow	er: 2687 (9	617) lots of	100 tonnes
00.0013					
E134.00 E92.25	+0.25		2/tonne		
81.50p	-0.50	Wheat	Close	Previous	High/Low
53.75p	-0.25	Jan Mar	115.60 117.05	115.25 116.45	115,90 115,1\$ 117,15 116,35
33.75p 268.50m	-0.2 5	May	117.05	118.65	117.15 118.35 119.30 118.40
	+0.50	Jly	121.80	121.00	122.00 120.60
5520v 1390	-10	Sap Nov	103.50 105.50	103.50 105.55	103,50 105,50
350	_	Jan	108.15	108.15	
E147	+1	Barley	Close	Previous	High/Low
74.20g 184p	-0.30	Jan	107.60	107.65	107.60 107.50
	No	Mar	109.15	109.15	109.40 109.00
tated, p-pen c/Jan. v-Jan		May	110.50	110.30	110.50
. u-Jan/Mar	† Meat	Sep Nov	97.70 1 00 .10	97.70 100.10	
prices d	henge	Jan	102.35	102.35	
shysical mai	KAL Ş				srley 94 (65)
kel clošė.		I UTTUVB	. 1711 1987, 44	ur (4000) ₁ 🖼	Park 24 (65)

	H METAL E	XCHA	HGE			plied by Amaly	Permeted	Metal Tra
	Close		Previous	High/Low	AM Offic	alal Kerb d	cae (Open Inter
Aluminio	m, 99.7% p		per tonne)				Ring tu	mover 0 t
Cash	1730-40		1735-45 1705-15		1725-35	1700-10		2.807 lots
3 months					1705-15			
	m,99.5% pt					HING	-UTIOV6	7 38,000 t
Cash 3 months	953-5 914-16		955-7 932.5-3	935/914	959-60 928-30	917-18		57,824 lots
	Grade A (2							r 44,100 to
Cash	1432-3		1485-70	1442/143	0 1435-40			
3 months			1308-9	1285/125		1273-3.	5 8	31,230 lots
Copper,	Standard (2	per to:	10e)			- д	ing iumo	wer 200 to
Cash	1375-85		1420-6	1390	1390-14	X 0		
3 months			1285-90	1270	1285-70			5 lots
	S cents/fine			000	800 dr	Ri	ig turnor	rer 20,000
Cash 3 months	690-3 : 693-6		967-70 980-3	669	689-70 682-4	695-700) 7	15 lots
	per torme)							er 7,775 k
Cash	356-7		350-50,5	354	354-5			
3 months			38-9	344/338	341.5-2	343-4	1	2.476 lots
	per tonne)					Alm	tumov	er 2,590 to
Cash 3 months	3890-390 3840-5		920-30 870-80	2000.220-1	3885-95 3839-40	3830-40		,426 lots
3 months Zine (£ p			- VOT VOT	3880/381	2033740			7.250 to
Cash`	470.5-1.5		177-9	477	477-8			-
3 months	473-3.5		179-80	480/470	479.5-80	472,5-3.	5 1	3,978 lots
PUIATO	ES £/Nonne		10-5-			LUCH MARK		
-		TeviOUS	<u></u> _		Gold (fine oz)	5 pnce 48714-48714		quivelent 14-267
Feb Mar		99.00 88.00	98.00 97. 88.00		Close Opening	48417-485	268	h-269
Apr May	142.80 1	43.50 56.60	144,00 142 156,00	.50	Morning fix Afternoon fix	484.50 488.00		.525 .594
Nov	85.00 i	95.50	للكيون		Day's high	4884-489		
Nov		90.00			Day's low	48312-484	- 6 -	
	75 (153) lot		U TONINGS.		Coins	\$ price		quivalent -277
SVTABL	AN MEAL 2/ Closs P	revious	Line 1 and		US Eagle Mapleleat	501-506 501-506	274	-277
Feb		10,00	High/Low 142.00		Britannia Krugemand	\$01-506 486-489	266	-277 -268
Apr	138.00 13	35.00			1/2 Krug	254-263 126-134	138	4-143% -73%
Jun Aug	122.50 13	24.50 23.00			1/4 Krug Angel	498-503	272	274%
Oct Dec		22.80 24.00			1/10 Angel New Sov.	51-56 114½-115½		⊷30% :-63%
	3 (36) lots (onnes.		Old Sav. Noble Plat	114%-115% 508-516	627	-53½ 4-286
	FUTURES :				- HOURS PREE		401	
		evious	High/Low					
		91.0	1290.0 1265		Silver fix	p/fine oz		cts equiv
Jily		298.0 154.0	1290.0 1279 1149.0 1130	D.Q	Spot 3 months	372.90 380.85	672 685	.90
Oct		47.5 270.0	1230.0 1230		6 months 12 months	389,20 405,75	699 727	
	363 (354)						****	
					LONDON ME	TAL EXCHANG	E TRAD	ED OPTIO
PRUT	AND VEGE	JABLE	B		Akuminkun (9		Calts	Puts
Satsum	as and clem	entines	able, reports F are up to 25-4	lOb il	Strike price \$	tonne	Jen Ma	
£25-35b	with Increa	sad der	nand for Xmes	L'	1725		45	30 94
es enbb	Hee build. P	neappk	-40p each (30 ss, 50p-21,80 (sach,	1750 1800		33 15%	42 57
and avo	cedos, 25-8	Oc each	L CONDICKS in a	obed (Copper (Grad	e A)	Calls	Puts
but have	risen to 25	40p (2	e in peak sup 5-35p) as seas	ional	Strike price \$		Jan Ma	
55-75p (асіі (40-60 <u>)</u>	i) are u	Cauliflowers as the end o	fthe Ì	2350		224 250	
\$88500	approaches.	, Englisi	h white poteto	es	2450		172 21	157 33
supplies	come into t	he shop	s top quality 6. imported	- 1	2550 Comer (Cond		128 177	
celabres	e is chespe	r at 75¢	-21.00 (80p-£1		Copper (Gred	<u> </u>	Calle	Puts
a head,	and tomation	s, 50-7	ted celery, 40- 50, are widely	1	Strike price £		Jan Me	
avallabie	but round i	ettuces	, hit by recent	į	1325 1350		61 48	38 50
#USUS, 2	re at 35-50p	America (manth.	1	1375		37	64





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CURRENCIES, MONEY & CAPITAL MARKETS

The effects of a sharp decline

±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752

Year

433 433 114-11 7-64 116-10 81-81

0.797 10.08

2.347 0.977

0.708 1.080

18.56 28.45

4-33 32-33 91-33 71-64 71-64 101-91 80-8

Yes F.Fr. S.Fr. H.FL Link

1105

33% 62.97

303

2443 3370 2211 1395 1.842 1208

揺

3313 3,380

1-24

656.1 1000.

FT LONDON INTERBANK FIXING

England was on a modest scale. In Japan's trade surplus in Despite this, traders pointed out November were limited in Tokyo that upward pressure on the sattention remained focused on pound was likely to increase and the release of US trade figures.

EMS EUROPEAN CURRENCY UNIT RATES

POUND SPOT- FORWARD AGAINST THE POUND

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

2,995 236.B 1637 129.4

2.944 232.7 1.226 96.93

1.254 99.16 4.762 376.4

70.25 107.1

0.589

FOREIGN EXCHANGES

Dollar hits record low

A RECORD US trade deficit for October created near panic selling of the dollar yesterday. Some semblance of order was restored is possible."

The pound rose to \$1.8305 after intervention by central banks but the US unit still finished well below its previous record lows against the D-Mark on Wednesday. It quickly broke through the Yi32 level against the yen, falling to a record Yi29.30 before closing at Yi29.40, down from Yi32.40.

October's deficit widened to \$17.63br which was considerably worse than than September's \$14.08bn shortfall and easily \$14.08bn shortfall and easily exceeded the most gloomy prediction, which was nearer \$16bn.

Analysts were quick to point out that with the unexpected size of the deficit, the dollar was entering a new ball game. The extent of its decline had clinically knocked out all the chart points and with the US Federal Reserve Board not expected to intervene with enough vigour to provide a base, the dollar was seen as being asked to take the Y129.40, down from Y132.40. Elsewhere it slumped to SFr1.3805 and FFr5.5575 compared with FFr5.6375. On Bank of England figures, the dollar's exchange rate index fell from 95.2 to 94.2. Sterling benefited from the dollar's decline, reaching its best level in dollar terms since May 1982. However there was no real test of the DM3.00 level and any intervention by the Bank of England was on a modest scale. Despite this, traders pointed out seen as being asked to take the

strain.

Dealers added that higher US rates could provide some support but the effect on equities would make the chances of a recession

more likely.
Central banks intervened to reduce the scale of volatility, following the announcement. The Bundesbank and US Federal Reserve were both active, in concert with several other leading central banks. However dealers stressed that, given the current gloomy outlook for the dollar, intervention at the moment could slow but not reverse the

We are going to need more than just buying by central banks to stop the dollar from going on a one way trip," said one dealer. He added, "I would

£ IN NEW YORK

STERLING INDEX

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2 70 20 mg

is Legie fo

er ending

7.27

8.30 9.00 10.00 11.00 Mode 1.00 2.00 3.00 4.00 # ____ **CURRENCY RATES**

76.0 94.2 76.9 142.6 101.5 94.4 151.4 182.2 139.5 72.6 47.5 235.5 -17.8 -12.3 -10.8 +10.9 -4.2 +3.0 +26.2 +16.0 -13.1 -18.8 +76.9 **EXCHANGE CROSS RATES**

OTHER CURRENCIES

i i

October.

The trade figures put pressure on the dollar, lifting sterling above the \$1.83 level and pushing down London interest rates.

Three-month interbank eased to \$%-8% p.c. from \$%-8% p.c. to \$8%-8% p.c. from \$8%-8% p.c. to \$8%-8% p.

early to talk in terms of lower unusually short period of seven UK bank base rates, although yesterday's events have probably increased the likelihood.

The Bank of England initially forecast a money market shortage of \$500m, but revised this to \$400m at noon and to \$350m in the afternoon. Total help of \$279m was provided.

The authorities did not operate on December 21, making it likely the Bank of France will hold another tender on December 18. In Frankfurt interest rates In Frankfurt interest rates

FINANCIAL FUTURES

Confusion on trade news

IT WAS described as a rather nasty' day on the futures market in London. Dealers said the US trade figures created confusion on Liffe, with several prices immediate reaction from US the other hand like many quoted at the same time in the gilt pit.

Treasury bonds to the trade on the lock of an immediate reaction from US Treasury bonds to the trade on the lock of the other hand like many deciones the non-seasonally deliced.

The dollar touched a record low of DM1.6340 before recovering slightly to finish at DM2.9950 from DM2.9975. It DM1.6365, down from DM1.6640 was also lower against the ven at the control of the control March long term gilt futures opened weaker at 118-22 and fell to a low of 117-23 on comments was also lower against the yen at Y236.75 from Y238.75. Elsewhere it finished at SFr2.4425 from SFr2.4525 but rose against the Prench franc to FFr10.1725 from FFr10.1625. by Mr Nigel Lawson, the Chan-cellor, on Wednesday, Although he was confident about the UK economy, Mr Lawson suggested US interest rates might have to

On Bank of England figures, the pound's exchange rate index rose to 76.0 from 75.8 at the opening and Wednesday's close. Initial reaction to the trade fig-ures was positive for gitts, with March delivery touching a peak JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 129.40. November average 135.90. Exchange rate index 235.5 against 223.0 six months ago.

118-30 118-07 118-28 119-10 117-23 118-29 119-10 117-23 118-29

91.29 91.29 91.10 90.89 90.80

Hip 92.08 92.19 91.93 91.63 91.35

Estimated Volume 8295 (6705) Prestous day's open int. 37495 (37980)

CURRENCY FUTURES

AM-STERLING \$5 per E

LIFFE-STERLING 225,000 \$ per &

Chare High Low Proc. 18259
1.8259
1.8256
1.8263
1.8263
1.8262
1.8262
1.8262
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1.8262

MOND-S (FOREIGN EXCHANGE)

91.93 92.00 91.77 91.57 91.35

economist at London merchant bank Morgan Grenfell, was pleased with his forecast of a

0.05 0.05 0.05 0.05 0.65 2.50 4.95

bond market cracked, March gilts fell back to close at 118-12,

Much of the confusion centred

Mr Rupert Thompson, US

on interpretation of the trade

Feb 0.65 1.10 1.80 2.60 3.75 5.20 6.85

CHICAGO

94.07 93.48 93.33 93.05 92.78 92.57

0.7677 0.7760 0.7550 0.7560 0.7746 0.7765 0.7623 0.7623 0.7810 0.7830 0.7700 0.7703 0.7950 0.7960 0.7940 0.7842

believes the non-seasonally adjusted figure is misleading. He

adjusted figure is misleading. He points out the seasonally adjusted figure for October was \$15.2bn, well below the record \$17.2bn earlier this year, and expects the non-adjusted deficit to fall to \$15bn in November and

\$12bn in December, largely on seasonal influences.

He described the outlook for the US economy as "not as cata-strophic as the headline figure suggests".

13.14

9.76

6.96

239

4.01

VENICE

Personal

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Art Gaileries

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Dec. 1285/1296 -23 Dec. 1620/1632 -32 Dec. 1880/1895 -20
Mar. 1305/1317 -25 Mar. 1646/1658 -35 Mar. 1890/1905 -20 Prices taken at 5pm and change is from previous close at 9pm

WORLD VALUE OF THE DOLL BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT, LONDON

The table below gives the latest available rate of exchange for the U.S. dollar against various currencies as of Wednesday, December, 9. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

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ECU=\$US1.24482 SDR1=\$US1.36546 As of December, 9, at 11.00 a.m. 3 months Eurodollar Libor: Sibor:

Alghapistan	Afabasi	50:60	Greenkard	Dasish Krone	6.3895	Pakistan	Pakistan Rupte	17.4937
Albania	Lek	5.5897	Grenada	E. Caribbean S	270	Panama	Balhoa	1.00
Algeria	Ditte	4.67	Guadaloupe	Local Franc	5.622 1.00	Papes New Golges	Kima	0.8853
Andorra	French Franc	<u>(5,622</u>	G129	U.S. \$	1.00	·		
Artesia	Spanish Peseta Kwanza		Gneteerata	Control	{1.00 {2.60		Guarani	320.00
Antique	E Carriboads	29.918 2.70	h []	French	/650.00	Paraguay	Guaran	(550.00 877.50
Argentina	Austral	350	Geines	Franc (1)	340.00			0.1.00
Aretz	Florin	179	Geinea-Bissau	Pesn	300.00	B	lati (a,a,4)	/20.00
Australia	AustralianS	14217	Seesa	Dollar Dollar (a)	{10.00 20.00	Penr ,	inti (f)	141.89
Azores	Schilling Portuguese Escucio	11.6675 135.00		Dollar (a)	/50700	Philippines	Peso	20.76
AGE	Lateralnesis Citticia	המינה	Halti	Goade	5.00	Polant	MZ dollar Ziqtylo)	1.5601
Batantias	Babbona S	1.00	Hondaras	Leusaka	200	Portuguel	Escudo	317.50 135.00
Bahraki	Dipper	0.3769	Hong Knag	H.K. \$	7.777	Prento Rico	U.S. \$	1.00
Balearic Islands	Spanish Peseta Taka	112,11	Hungey	Forint.	47.565	Qalar	Ryal	3.641
Basgladesh	Barisados S	31.139 2.0113	[celand	fcelandic Kronn	36.76	Reservices Isse de La	French Franc Leg (c)	5.622 8.59
1			indla	Indian Rupot	36.76 12.98	Romania	Franc	75.2201
Beiglass	Beiglan Frans	(34.68 (34.84	(edonesia	Runish `	1652.00	St Christopher	E. Caribbeas S	2,70
Belize	B \$	2.00	V780	Rial	67.5963	St. Helema	Pound"	1.8069
Benie	C.F.A. Franc Bermudian \$	281.00 1.00	krag	track Dicer	0.3109 1.6053	. St Lucia	E. Caribbeas \$ Freech Franc	2.70 5.622
Bermeda	Nampora Stronger	12.9B	irish Republic	Port Shekel	1.565	St Pierre	E. Carimbean S	270
Bollvia	Ngultrum Baliniano (o)	1217°	Italy	Lira	1221.95	Samoa(Western)	Tala	2 0542
	Reliviano (1)	(217 (2185	hory Coast	C.F.A. Franc	281.10	Sampa(Am)	US S	1.00 1221.95
Botswitte	Peda Cruzado	1.6098 65.701 2.0305			-	San Marino	icaliaa Lira	1221.95
Brazi	Cruzado Bruneis	65.701	, ,	Jamaican Dellar	5.48 132.09	Sao Tome & Princip DR .	Debra Biral	33,1391 3,7505
Origania	Lite	0.8382	Jordan	Yen Jordanian Dinar	0.343	Saudi Arabia	Rival C.F.A. Franc	281.10
Baridas Fass	C.F.A Frant			***************************************		Soychelles	Rupee	5.2982
Ber 113	Kyaz	281.10 6.2312	Kangachea	Riek(5)	100.00	Sierra Leone	Leone	22.00
Barsadi	Burnell Franc	117.909	Kenya	Kenya Shilling	<u> 15.818</u>	Singaport	Dollar Dollar	2.0305
L			Korea (sorth)	Antiralian \$	1.4217	Solomon Islands Somali Republic	Denar Shilling (d)	1.9901 100.00
Canada	C.F.A Franc	261,10	Kones (south)	Wos Was	0.94 795.50			(3.0395
	Caradian \$ Spanish Peseta	1,3082 112,11	Koriait	Kowaiti Diear	0.2761	- South Airica	Rand	11.9554
Cape Verde Islands	Cape V Escudo	73.4214	_ •			Spale	Peseta	11211
Cayman Islantis	Carman Isles S	Ó.R35	L305	Hear Kip	35.00	Spanish Ports In N Africa	Spanish Peseta Runee	112.11 30.571
Cem_Air. Republic	C.F.A. Franc	281.10	Lebanna	Lebanese 2 Mainti	477.50 1.9554	Šří Laoka	Rupec	30371
Chad	C.F.A. Franc.	281.10	Liberia	Liberian S	1.00			4.50
Cha	Chilean Peso Reuminbi Yupa	231.68 1.722	Libyta	Libyan Diner	0.297.2	Sudan Republic	Popusi	{2.93 4.00
Colombia	Cat. Peso	3.722 261.23		Swiss Franc	1.3557	i		~4.00
Comoro Islands	C.F.A. Franc	281.10	Luzenbourg	Luxembourg Franc	34.68	Serioza	Guilder	1.785
Congo, Pols Rep of	C.F.A. Franc Colon	281.10	Marao	Pataca	8.0103	Swaziland	Litangeni	1.9554
Costa Rica	Cubia Peso	67.75 28) 10	Mariameter	Franc	1257.21 135.00	Sweden	Krona	6.0005
Crores	Cypres P	2 1044	Madeira	Portuguese Escudo	135.00	Switzerland	Franc Pound (o)	1.3557 3.925
Czechoslowakia	Koruma	525	Makari	K uncha Rioggit	2.1128 2.4988	Syria	Collar (c)	29.23
•			Maiche Islands	Ruffyzz	10.10	Tanzania	Shilling	75,228
Dennark	Dankh Kroner	6.3895	MAN (CERTIFIC	C.F.A. Franc	281.10	Thailand	Balt	25.39
Djibouti Republic of	Djiboeti Franc	176.83 2.70	Malta	Maitese £ .	3.1056	Togo Republic	C.F.A. Franc	281.10 1.4217
Dominica Resubile	E. Carribean\$	2,70	Martinique	Local Franc	5.622	Tonga Islands Trinidad & Tobago	Pa'anga Dellar	3.60
"ndistinger sections	Dominicae Pess	4.53	Maritis	Ougulya Maurikian Rupse	75.31 12.463 2255.00		Dinte	0.791
C	•	c247 00			-2285 M	Terkey	Lirx	984,56
.6 csador	Secre	247.00 211.50	Mexico	Mexican Paso	1788.90	Turies & Calcos Islands	US \$	1.00
, Eggs	Pound (p)	(0.70 2.2228	Higgston	Local Franc	5.622	Tpade	Australian Dollar New Shilling (1)	1.4217
El Sabrador	Pound (d) Colon	U22228	H08200	Freech Franc	5,622	Uganda Ugited Arab Emirates	Dirtom Dirtom	59.313
E	C.F.A. Franc	5.00 5.00	Mongolia	Tugrik E. Caribbaaa S	3.3555 2.70	Colted Kingdom	Pound Sterling	3.673 1.8069
- Ethiopia	Ethiopian Bier	261.16	Maracco	E. Carrocean y Dirbam	7.90	tirumer	Peso (m)	267.25 0.6012
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Farma Idumik	Daoish Kroote	£ 3895	Namibis	S.A. Rand	1.9554	Vaticas	Lira	1221.45
Fig. Islands	FU S	6.3895 1.8069	Nauro Islands	Australian Ş	1.4217 21.00			14.50
Finized	M artica	1.4817	Nethorlands	Mepalese Rupes Guilder	21.00 1.8652	Vengmela	Bolivar	₹7.50°
France	Franc	4.073	Retherland Antilles	Antillian Gallder	1.79			{7.50 30.10
French City in Africa	C.F.A. Franc	5.622	New Zealand	NZ \$	15601			
French Galana	Local Franc	281_16		-		Virgin Islands (British)	Deng (c)	90.00
TT: CAND 3 NEED CAREST	C.F.P. Franc	5.622			,900,00	Virgis Islands (British)	US S US S	100
			Nicaragea	Cordoba	(70.00	Virgin (statts (US)	₩ 5 P	1.00
.Cabon	C.F.A. Franc	281.10			2190.00		Vic1	10.66

10.00 0.343 1279.88 128.069 7.9936 1.675 0.385 n.a. Not available. (m) Market rate. "US dollars per National Corrency wait. (a) Parallel cate. (b) Official rate. (b) Floating rate. (c) Preferential rates. (b) Market products. (f) Floating tourist rate. (f) Public temperation date. (ii) Agricultural products. (f) Priority in 2 paperat 44.4 %. (2) Fig. 7 Oct 87: Dollar devalued by apperat 15.25 %. (5) Kamparkas, Oct 87: Red devalued by approx. 70%. (2) Nanogary, 11 Nov 87: Fixed devalued by an abstrage 5% (3) Yagustavia, 17Nov 87: Distar devalued by approx. 24.6 %. For further inforstation places contact your local branch of the Sank of America.

MONEY MARKETS

London rates ease

THERE WAS a slight easing of short term interest rates on the London money market yester-day, following a larger than today, and virtually equals the EPr64.2bn draining from the October.

in the market before hinch. In the afternoon the central bank bought \$79m bills outright, by way of \$40m bank bills in band 1 at 8% p.c. and \$39m bank bills in band 2 at 8% p.c. late assistance of around \$200m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained \$358m, with a rise in the note circulation absorbing to follars against the central bank virtually replace an expiring pact in full.

Buying of dollars against

& months US Dollars led by the market to fine res ler Block, Back of Tokyo, Deni MONEY RATES Treasury Bills and Bonds
3.87 Ture year
5.40 Four year
5.46 Five year
6.79 Seven year
7.25 10-year
7.79 30-year **NEW YORK** 275 225 68 68 3.90-3.65 8.90 3.875 4.75 3.90625 11.625 6.75 8.75 35375 875 3.10-3.20 8.1875 1.00 4.6375 3.90625 10.25 4.50 8.25 LONDON MONEY RATES 8.8125 8.6275 8.05-8.0 8.75 8.75 8.00 8.8125 8.5625 8.5625 8.4375 8.50 8.75 8.375 8.375 8.375 8.375 8.375 8.375 8.375 8.50 6.675 7.00 6.875 1959 757 8.25 .8.375 825 825

S120m and bank balances below target \$70m. These outweighed Exchequer transactions adding \$65m to liquidity.

In Paris the Bank of France left its money market intervention rate at 7% p.c., when it allowed by the central bank of the control of the control of the central banks of the control of the central banks holdings at the Bundesbank on Tuesday rose to DM62.1hn from DM59.1bn on Monday.

Exchequer transactions adding the control of the central banks holdings at the Bundesbank on Tuesday rose to DM62.1hn from DM59.1bn on Monday.

Exchequer transactions adding the central banks holdings at the Bundesbank on Tuesday rose to DM62.1hn from DM59.1bn on Monday.

CURRENCY MOVEMENTS A TO THE STATE OF THE STATE OF

S CONTRACTOR STATE OF THE STATE

The first control of the control of in the market before hunch. In

bills drained \$358m, with a rise replace an expiring pact in full in the note circulation absorbing 5120m and bank balances below target \$70m. These outweighed Exchequer transactions adding \$65m to liquidity.

42		IT TRUST INFORMATION SE	Financial Times Friday December 11 1987
May 88 Ang. 88 Dec.88 Sock	AUTHORISED CCL Unit Trusts Limited 74, September has Green Los, WIZ 85D 02 -740 7070 Control Trusts Limited Control Trusts	Figefity Investment Services Ltd Herdecous Administration —Contal Sizer Walt, Torkidge Tity 197 Investment Services Ltd Herdecous Administration —Contal Sizer Walt, Torkidge Tity 1979 Investment Service Dealers Description — Contact Fundament Fun	Murwick Unit Trust Muragers MG & G Group — Contol. 1567-52 1567-54 +14.41 4.55 PO Box 4, Novelch MRJ 3NG FOR THE STREET - 11187-5 1257-11 -170 41 145
Dec. 67 Jan. 88 Feb. 68	UNIT TRUSTS Bid Offer + or Yield 125 High Holberts, London WCLV 6FV 01.242 [1.08 Feb. 1.05] Abbuy Bail Tel, Mages. (a) 0945 71.7575 Bid Offer + or Yield 125 High Holberts, London WCLV 6FV 01.242 [1.08 Feb. 1.05] Abbuy Bail Tel, Mages. (a) 0945 71.7575 Bid Offer + or Yield 125 High Holberts, London WCLV 6FV 01.242 [1.08 Feb. 1.05] Bid Offer + or Yield 125 High Holberts, London WCLV 6FV 01.242 1.05	Process Charge Global Claffeld Process	
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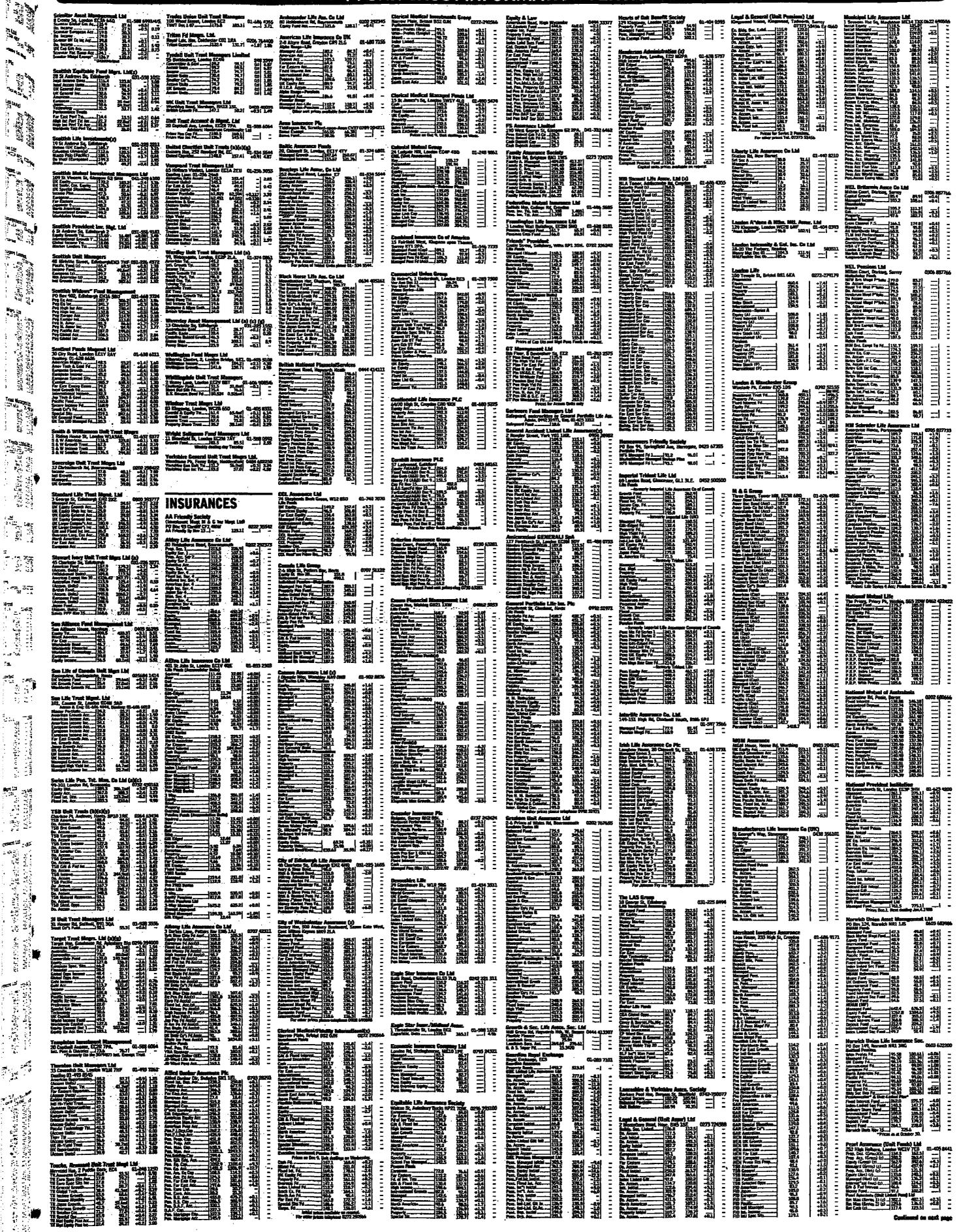
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THE ANNOUNCEMENT of a record US trade deficit in Octo-ber, quickly followed by a col-lapse in the dollar, threw the London securities markets into disarray for a time yesterday. Equities, abandoning an early advance, plunged by more than 50 points to below the FT-SE 1600 mark before rallying at the end of the session. Government bonds, deciding that a weak dol-lar was more significant than a strong pound, closed with losses

of half a point. However, the late recovery in share prices, which followed a similar trend on Wall Street, featured convincing support for such international stocks as ICI and Beechams, both of which closed firmer on the day after recouping early losses. The rally was sparked when two marketmaking firms began bidding for

blue chip stocks.

At the end of the day, the
FT-SE 100 Index was a net 19.7 down at 1619.6, having slumped to 1585.3 in the wake of the US trade news. This wipes out much of the recovery chalked up since the beginning of this week, indicating that this is still a traders market", where lack of institutional interest leaves dealers to conduct opportunist strategies.

The deficit of \$17.63bn on US trade was substantially larger than London had bargained for.
The news was bound to be a two-edged sword for the mar-ket", said Mr John Shepperd at Warburg Securities, "good for the pound, perhaps, but threatening for US bond markets - and therefore dangerous for our bond sec-

At its morning meeting, War-burg considered the various scenarios which could arise - and came to the conclusion that a worsening in the US deficit could only be bad news glob-ally, and British Government bonds could not escape

unscathed". Gilts were around % down as the US trade figures were awaited, and surged ahead briefly when the pound raced above \$1.82. But confidence evaporated as the City assessed the wider-implications of the tumbling dollar and by the close, the longs had returned to the levels seen ahead of the news from across the Atlantic, show-ing net falls on the day of nearly

The swing round from an 18 point gain to a huge fall in the equity market revived many of the worst features of the week following Black Monday. Telephones were not always inswered, prices collapsed on no business, and dealers found themselves powerless for a time.

Actually, it was a bit better

this time round because not many people bothered trying to trade, commented a dealer at a

Adding to the gloom was the annual survey of world financial markets by Dr Henry Kaufman, the economic guru at Salomon Bros, the major New York securities house, who warned clients that, The element of crisis that pervaded world financial mar-kets in October 1987 threatens to

reemerge in the coming year.

However, Smith New Court,
the London trading firm pleased
the market with its latest trading
figures, and fellow marketmaker
BZW announced that it is buying control of a Paris stockbroing control of a Paris stockbro-ker, ready for next month's Big Bang in the French market.

It was an unfortunate day for the market debut of Eurotun-nel's shares. With the stock nel's shares. With the stock quickly at a substantial discount to the issue price both in Paris and in London, and the dollar falling, currency arbitrageurs had a frantic session.

Eurotunnel shares plunged from an opening level of 284p, against the offer price of 350p, all the way down to 350p, at which level Salomon Bros, the major US house bought fairly

US trade shock abruptly reverses fresh rise in

equities and weakens Gilts

	F	NAN(CIAL	IME:	S STO	CK IN	DICES			
	Dec.	Dec.	Dec.	Nov.	Dec.	Year	19	87	Siece Co	mpilation
	10	9	8	7	4	Ago	High	Lon	High	Low
Government Secs	88.94	89.17	89.08	89.04	89.58	82.60	93.32 (8/5)	83.73 (19/10)	127.A (9/1/35)	49.18 (3/1/5)
Fixed Interest	96.52	96.49	96.59	96.75	96.40	88.61	99.12	90.23	105.4	50.53
		,		1]		05/62	(2/1)	C28/11/477	(30/75)
Ordinary \$	1285.0	1297.6	1294.9	1279.3	1252.7	1284.7	1926.2	1232,0	1926.2	49.4
·		1 .			i		a677	(AUI)	O5/2/873	(26/6/40)
Gold Mises	324.3	324.8	317.3	313.2	329,4	316.9	497.5	261.6	734.7	43.5
			. '	·	1 .	{	(4/8)	(ean	0.5/2/830	(26/10/71)
Ord. Div.Yield	4.83	4.78	4.81	4.87	4.93	4.46	ł	S.E AC	<u>YIVITY</u>	
Earnings Yid. %(foli)	11.95	11.85	11.89	12.05	12.21	10.56		ndes	Dec.9	Dec.8
P/E Ratio (ret)(*)	10.24	10.33	10.28	10.14	10.01	11.62		Bargains		127.1
SEAD Bargains (5om)	25,469	21.136	23,382	20,542	26,389	31,290		ais		162.1
Equity Tursover (Cat)		1042.39	1239.91	646.07	1036.58	1111.10	5-Day avera	t	21069	2506.2
-	_					i ——	GIR, Edged		1323	136.4
Equity Bargains	-	23,463	25,024	21,438	28,957	51,868	Equity Barg	alaš	157.7	158.4 2963.5
Shares Traded (mf)	-	523.7	644.5	335.7	56B.1	550.9	Equity Valu	·	1956.9	2963.5
			ــــــــــــــــــــــــــــــــــــــ	<u> </u>	L	L	L		<u> </u>	نـــا
♥ Opening 10 a	Lm.	11 a.m.	7 1	loon	1 p.s		2 p.m.	3 p.m	4	D.MZ
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1502.0 127	7-7	1277.7	'l -	~7	בוכון	<u> </u>	LE 70./	1205.	1 12	02.0
		Day's	High 1	314.1	Day's	low 12	54.5			

Basis 100 Gost, Sess 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Miles 12/9/55, S E Activity 1974, * Nike10.10.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

French and more heavily, Japanese institutions, with the UK interest confined to private investors.

There was strong demand, however, for the Eurotunnel warrants, which advanced from the opening price of 100 to elected to 100 t

Britoil shares moved ahead to 286p early on, dipped back to 276p after the US trade figures and then quickly raced up to 297p bid before ending the session up 16 at 293%p with turn-over sharply increased at almost some compared with Wedness.

Sinet Holdings, the insur- altered on the day at 187p as the 286p early on, dipped back to an earlier rather uninspiring perdonian hotted up yesterday. British Airways 'quickly ing sector after US insurance appeared on the scene with a group St Paul of Minnesota' cash offer worth approximately share cash bid which values hard on the heels of SAS's offer cash bid which values hard on the heels of SAS's offer some 295 per control of \$130m for a 295 per control of \$130

share cash bid which values hard on the heels of SAS's offer of \$130m for a 23.5 per cent day's 21m shares.

Rumours that Britoil directors, who held a full board meeting yesterday afternoon, regard the BP approach as very hostile and may seek a "white knight" - 465p, after dealers and analysts appeared to agree that another of selling pressure prompted by use the British Gas or, an overseas oil group-were said to have triggered the late buying surge in the shares.

Share cash bid which values hard on the heels of SAS's offer of \$130m for a 23.5 per cent unanimous recommendation to 470p on the news but later unanimous recommendation to 465p, after dealers and analysts appeared to agree that another of selling pressure prompted by use the shares oil group-were said to have triggered the late buying surge in the shares.

But on the heels of SAS's offer of \$130m for a 23.5 per cent unanimous recommendation to 470p on the news but later unanimous recommendation to 470p on the news but later unanimous recommendation but of selling pressure prompted by use the shares oil group-were said to have the late buying surge in the shares.

Burton suffered from a bout appeared to agree that another of selling pressure prompted by use the surprise 12 hour sale of the surprise 12 hours also fears of flagging sales in the shares.

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Burton suffered from a bout the first another of selling pressure prompted by use the surprise 12 hours also fears of flagging sales in the shares.

Burton suffered from a 23.5 per cent of \$130m for a

major US house bought fairly 100p a barrel for Britoil's pub- of 18m shares. This followed aggressively, probably for a US lished reserves which is irrefut- confirmation that the 8.2 per buyer. The price stabilised to cheap".

Close at 247p, with about 40m shares changing hands out of the shares changing hands out of the to the fore in terms of market Court's Bell Group to the Altonover with in excess of 81m Fayed family, owners of the "new" shares moving through House of Fraser group of luxury the SFAO system. The Knywiti eters It was also confirmed that

warrants, which advanced from the opening price of 10p to close at 13p.

Storm clouds gathered over the planned tender offer for Britoli shares by British Petroleum which, according to one oil ham and Salomon Brothers were Airways were traded actively industry analyst, implies "a potential rationalisation of the independent oil company sector".

Minet Holdings, the insuranteed on the day at 137p as the Britoil shares moved ahead to ance broking group, transformed to early progress would remove some of the bid to 253p - US houses Drexel Burn-fervour in the stock. British cale-

in the shares.

Philip Lambert, oil company analysat at securities house fairly intense selling pressure close only a penny off at 223p kleinwort Grieveson, said on its present terms BP is offering a 12½ off at 137p after a turnover that the sale was a US-style

promotional move instigated by Mr John Homer, the company's new Managing director.

GUS "A" dipped % to £10% after revealing interim pre-tax profits of £150.5m matching almost exactly most analysts'

Dealers reported a fair amount of activity in the shares where turnover expanded to 548,000 -well above the usual turnover in the stock.

Thorn EMI came out with interim profits of \$60.7m against a comparable \$41.5m - figures at the top end of analysts forecasts-and also announced a reorganisa-

tion of its immos division.

The immediate reaction of traders was to mark the shares down on profit-taking, a subse-quent sharp fall in the share price was almost entirely owing to the general market slide after the US trade figures and after dipping to 524p the shares steradied to close a net 24 off at 528p.

Smith New Court, the independent securities house, was a major play in the miscellaneous Financial sector, announcing impressive half-year results which should lay to rest recent adverse speculation about the

Profits for the six-month period of \$10.5m were more than the \$10.4m for the whole of the previous year, although provisions of \$4.4m have been made for losses incurred in sub-underwriting the BP issue and for clients defaults. The shares responded sharply and touched 218p before

closing 10 up on the day at 203p.

Abaco is back on the acquisition trail. Only days after returning from suspension following agreed share exchange and cash terms from major shareholder British & Commonwealth, the group is paying \$225m for Nor-folk and Suffolk, an East Angli-an-based financial and insurances group. County NatWest Securities reckon the B & C deal with Abaco had to happen and is good for both parties, but neither share benefited to any great extent yesterday.

insurances were given a a major shot in the arm by the bid for Minet. In the brokers CE Heath raced up 22 to 391p, Sedgwick added 5 to 194p and

But composites were badly affected by the general market slide and could only manage to recoup part of earlier losses. Commercial Union, a strong performer recently in the wake of rumours of stake-building by possible "down-under" predators, turned off on profit-taking and closed 10 lower at 3150. closed 10 lower at 315p.
The other newcomer to the

NEW HIGHS AND LOWS FOR 1987

Hogg Robinson put on 6 to

114p.
But composites were badly

market Paragon Communications, a public relations consultancy group, achieved a pre-mium on the placing price. Orginal plans to join the Unlisted Securities Market were abandoned because of Black Monday which has forced companies to scale down their new issue expectations. Paragon has since met market requirements for a full listing and in first-time deal-ings the shares traded at 101p 10. before reacting to close at 91p compared with the placing level fail

The brewing majors were the brewing majors were unsettled by a newspaper report that the Monopolies and Mergers Commission would soon produce an interim judgement which may herald a radical shake-up in their tied estates system and

BULDINGS (1) STORES (5) ELECTRICALS (13) ENGINEERING (1) FOODS (4) INDUS-TRIALS (9) INSURANCE (1) LEISUNE (4) NEWSFAPERS (2) PAPERS (5) PROPERTY (2) TRUSTS (22) OVERSEAS TRADERS (1) MINES (4) THIRD MARKET (2).

price fixing policies. Grand Metropolitan were particularly vulnerable and dropped to 376p before steadying to end 11 down on the session at 392p. Allied-Lyons followed with a fall of 6 to 323p while Bass, rated by Kleinwort Grieveson Securities as a strong "hold" for its defensive qualities, came back 4 to 781p. Whitbread "A" lost 6 to 268p but Guinness bucked the trend, gaining 3 to 277p.

268p but Guinness bucked the trend, gaining 3 to 277p.

Blue Circle, down only 4 at 300p, after touching 293p at one stage, typlfied the roller coaster session in the Building market. Redland, boosted over the past few day's by hopes of apossible deal with Equitycorp concerning its Australian subsidiary Monier, ran into profit-taking and closed 17 cheaper at 372p.

17 cheaper at 372p.

ICI encountered a good demand (some 3.1m shares changed hands) and, despite reacting sharply at one stage on currencey fears, settled % higher on the day at \$10%. Leading Engineers held up

well through the general disar-ray. Elsewhere, trading state-ments left Westland 5 cheaper at 74p and Whessoe 3 lower at 95p. Birmid Qualcast, the subject of an unwelcome cash offer of 300p per share from Blue Cir-

cle, reacted 8 to 309n. international stocks got off to a good start, but reacted sharply and were showing quite hefty ures. However, most quotations closed well above the day's lowest because operators took the view that the reaction had been overdone. Resisting the trend, Beecham met with a good demand and eventually settled 5 to the good on the day at 444p; some 3.8m shares changed hands. Pilkington's interim fig-ures were well received, but the share price followed the genera trend, falling away to 184p before recovering to close 7 off on balance at 19op. Glaxo set-tled a shade lower at \$10%, while BOC, 362p, and BTE, 260p, recorded falls of around

Elsewhere British Aerospace failed to show resistance and closed only a few pence above the worst at 305p, down 13.Res-ters, in contrast, fluctuated sharply before ending 5 up at 422p in the wake of the syndication agreement with the New York Times. The second-half profits recovery enlivened interest in Sidlaw, which gained 13 to 100p. while Havelock Europa, still reflecting the interim results, put on 5 more to

288p.
US dollar considerations again plagued Jaguar, down 9 at 266p,

TRADING VOLUME IN MAJOR STOCKS

but Lucas Industries resisted but Lucas industries resisted the tendency and settled 9 higher at 477p. Interim profits from Dowty were broadly in line with expectations but the shares dipped initially on the warning that recent "very signif-icant change in currency icant change in currency exchange rates will have an adverse impact on translated results for the year as a whole.
After falling to 134p. Dowty
rebounded on talk that analysis
had come away from the ensuing
meeting with the group feeling
confident and the close was 7 up on balance at 150p.

for the year of 139p during the worst of the afternoon price weakness fall but recovered to finish only marginally easier at 154p. In marked contrast, DRG spurted 12 to 380p after news that the Kuwait Investment Office has increased its stake to 6.8 per cent. Advertising Agencies went lower with the excention of VPI which were supported by the recent profits statement. The price rose to 268p prior to ending a net 15 higher at 263p.

The interest stirred up in the oil sector by the stake building in BP and the tender offer for Britoil continued to encourage heavy buying elsewhere in the

LASMO were an outstanding performer and surged up 18 to 268p, after 273p on the view that it could by the next to be bid for in oils - RTZ alreadyt have a and were showing quite hefty major holding and will be losses as the dollar came under pressure after the US trade figures. However, most quotations another bid favourite and moved s lowup 5 to 99p. Revived worries
the about the group's US exposure
cast a shadow over Polly Peck,
rend, 10 down at 261p, while Loarho
good slipped to 217p on press reports
tied 5. that it may buy half of Krupp Handel, the trading arm of West Germany's Fried. Krupp steel and engineering empire

Traditional Options

 First dealings Nov 305 Last dealings Dec 11
 Last declarations Mar 3 • For Settlement Mar 14
For rate indications see end of

Stocks to attract money for the call included Widney, Willshaw, Equity and General, Cowan de Groot, Beecham, Boots, NatWest, Bock, TR Energy, British and Common-wealth, Campari, Bryant Holdings and Eagle Trust. A put option was arranged in Trusthouse Forte, but no double options were reported.

4,300 4,300 80 1,300 1,300 1,300 1,300 1,2

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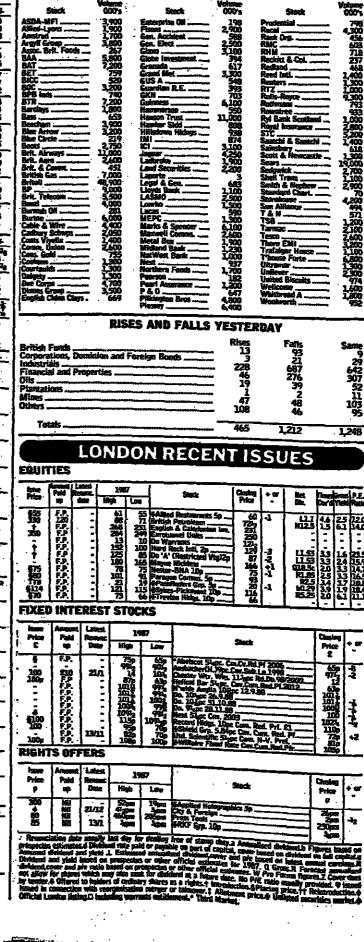
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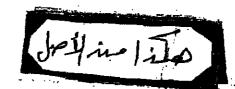
These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Thursday December 10 1987							Tue Dec 8	Mon Dec 7	Year ago (approx)
ŧ	Figures in parentheses show number of stocks per section		Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Vield% (Act at (27%)	Est. P/E Ratio (Net)	nd adj. 1987 to date	fadex No.	Index No.	index No.	Index No.
ī	CAPITAL GOODS (214)	647.32	-1.0	11.00	4.45	11.41	28.46			640.81	681.68
2	Building Materials (30)	819.76		12.02	4.57	10.34	26.06				
3	Contracting, Construction (33)	1208.42	-1.2] 10.31		12.96	34.66		1213.63		
4	Electricals (14)	1863.65	+0.3	9.82	4.99	13.25	64.72				1742,43
5	Electronics (33)	1380.91	-1.3	11.53		11.32	38.49		1409.74		1464.97
6	Mechanical Engineering (60)	326.97	+0.2	11.37		11.07	1217		324.13		384.29
8	Metals and Metal Forming (7)	402.74		10.49	416	11.50	12.48		396.63	389.66	350,35
9	Motors (14)	227.71	-0.6	13.21	511	8.81	7.36		227.01	224.40	268.68
10	Other Industrial Materials (23)	1152.93		8.96		1325	37.65				1188.38
21 22	CONSUMER CROUP (182)	955.93	-12	9.65		14.63 11.15	24.88		961.56		932,94
25	Brewers and Distillers (21)	916.60 775.44	-1; -0,6	11.29 9.86	4.18 4.16	13.04	24.09 22.50		921.85 768.56	912.70	948.83 738.02
26	Food Retailing (17)	1938.98		8.32	317	16.03			1947.53	758.34 1909.40	
27	Health and Hogsebold Products (10)	1786.21	-11	6.88	263	17.34	33.67		1737.58		
29	Leisure (29)	1021.64	-15	155	4.50	14.62		1836.74	1024.79		968.19
31	Packaging & Paper (16)	453.57	-0.6	9.29	3.99	1416		456.41	456.05		489.13
32	Publishing & Printing (15)	2957.29	-0.9	7.41	4.94	17.06		2984.32		2941.15	
34	Stores (35)	788.87	-17	9.46	3.82	1418	28.18	802.44	785.97	779.92	822.77
35	Textiles (16)	534.82	-31	12.30	4.40	9.37	17.60		553.26	542.13	544.28
40	OTHER GROUPS (87)	774.99	-65	11.88	4.77	10.45	22.64		775.84		803.54
41	Agencies (17)	924.22	-11	7.57	2.59	16.87	17.18	934.55	899.11	884.54	4.6
42	Chemicals (21)	977.65	+0.4	10.17	4,79	12.81	33.55		968.66	956.07	1621.99
43	Conglomerates (13)	1017.95		11.85		9.69	28.57	1635.13	1037.81		u
45	Shipping and Transport (11)	1607.01	-85	30.60	5.13	12.37	57.73	1614.66	1608.73	1592.84	1548,99
47	Telephone Networks (2)	816.48	+0.2	13.19	5.18	10.10	20.21	815.0 0	836.06	813.40	793,59
<u>48</u>	Miscellaneous (23)	1064.87	-12	14.44	4.48	8.24	34.90	1077.70	1074.44	1843,82	2310.96
49	INDUSTRIAL GROUP (483)	833.59	-1.0	10.31	4.21	12.21	23.54	841.63	837.58	824,89	\$42.45
51		1584.76	-1.4	18.48	6.ZI	11.76	65.84	1687.56	1567.35		
59	500 SHARE INDEX (500)	897.28	-1.0	10.34	4.51	12.14	27.18	986.57	901.75		892.28
61		586,68	-0.4	_	5.33	-	22.25	589.23	581.58	573.37	609.63
62	Banks (8)	603.63	-0.3	22.10	6.48	5.98	26.94	495.57	681.08	591.16	667.97
65	Insurance (Life) (8)	862.30	-13	i -	5.34		32.56	873.48	25.34	M3.77	864.67
66	Insurance (Composite) (7)	463.29	-14	-	5.94	_	20.16	469.69	462.64	457.43	460.77
67	Insurance (Brokers) (8)	822.03	+8.7	13.50	6.97	9.48	40.26	756.51	766.99	759.54	
68	Merchant Banks (11)	386.65	-0.9	- [4.64		10.09	309.59	318.65	330.41	336.97
69	Property (49)	\$27.78	-0.9	5.82	3.44	21.96	22,00	895.44	868,92	851.95	809.82
<u>70</u>		348.97	-8.2	10.39	4.54	12.17	11.96	349.67	351,04	347.A9	365.69
71	Investment Trusts (87)	752.99	+0.1		3.36	_	17.82	752.CL	748.29	742.07	862.16
81 91	Mining Finance (2)	410.77	-1.2	11.87	4.15	18.18	12.77	415.66	379.58	401.59	328.84
	Overseas Traders (10)	873.75	-15	10,34	5.72	11.35	37.80	887.14	887,93	873.71	748.58
99	ALL-SHARE INDEX (720)	814.17	-0.9		4.60	-	25.52	827.60	\$15.50	893.85	816.56
_	•	ladex	Day's	Day's	Day's	Dec	Dec	Dec	Dec	Dec	Year
	<u> </u>	No.	Change	High	Low	9	8	7	4	3	390
	FT-SE 100 SHARE INDEX #	16196	-19.7	1657.6	1585.3			1500.4			

_	Fi)	KEDI	NTE	REST	-	AVERAGE GROSS Thm Wed Dec Dec 10 9	Year ago (approx.)	
_	PRICE INDICES	Thu Dec 10	Day's change %	Wed Dec 9	xd adj. today	xd adl. 1987 to date	2 Courses 15 mars 9.48 9.42	9.94 18.60 18.60 11.32
3 4	British Government 5 years 5-15 years Over 15 years (rredeemables All stocks	140.08 146.94	-0.41 -8.30 -0.30	123.97 140.65 147.73 164.45 137.28		13.59	5 6 25 years 9.54 9.52 7 High 5 years 9.29 9.20 8 Coupons 15 years 9.81 9.75 25 years 9.85 9.54	18.60 11.32 10.96 10.60 11.38 11.15 10.67 18.31
_	hatex-Linked 5 years Over 5 years All stocks	124.57 117.83 118.21	+0.61	124.56 117.82 118.20	-	218 2.89 2.82	Index-United III Inflation rate 5% 5yrs. 2.74 2.73 III Inflation rate 5% 0ser 5 yrs. 3.84 3.84 III Inflation rate 10% 5yrs. 3.86 3.07 III Inflation rate 10% 6yer 5 yrs. 3.92 3.91 III Inflation rate 10% 6yer 5 yrs. 10.00 10.79	3.75 3.77 2.34 3.61 11.83 11.76
10	Preference	85.86		85.86	-	6.15	17 25 years 10.83 10.83	11.76

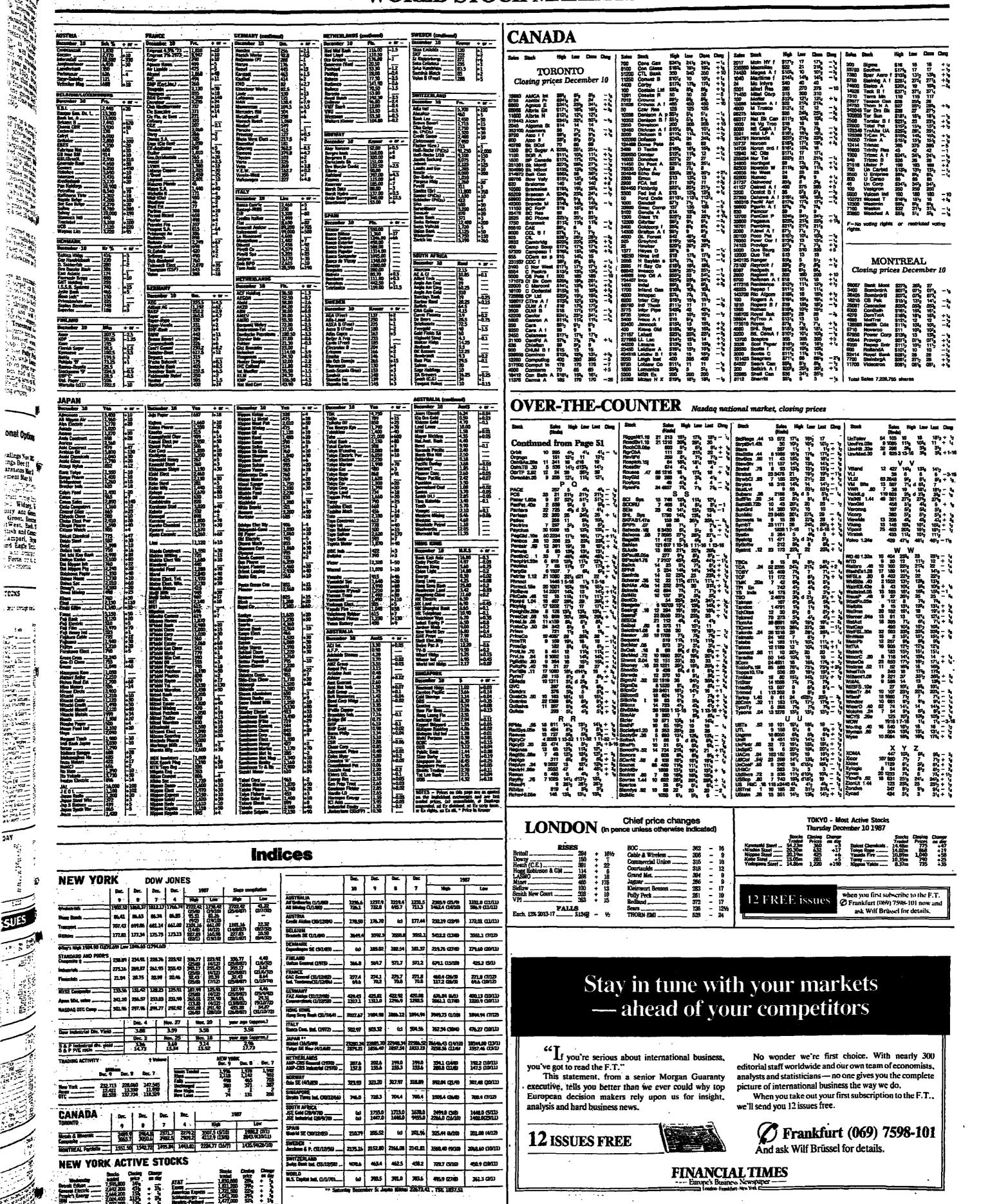
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WORLD STOCK MARKETS



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AMEX COMPOSITE CLOSING PRICES

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FINANCIAL TIMES

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retreat before a tenetative rally

pulled the bourse indicator to

end a net 0.07 per cent higher on

the day. Leading blue chips were mixed

Leading blue chips were mixed in late trading. Pengeot plunged FFr64 to a year's low of FFr615 after touching a mid-morning high of FFr910. Thomson-CSF dropped FFr21 to FFr645, down from its day's high of FFr735. But Paribas rallied through the day, rising FFr10 to FFr300.

Dozens of stocks closed at new.

Dozens of stocks closed at new 1987 lows after falls of between 8

and 9 per cent. Marine-Wendel was down 9.6 per cent at FFr202

andCiments Française declined 9.4 per cent to FFr770.

However, oil shares rose after more positive developments at the Opec meeting in Vienna.

FRANKFURT saw a quietly

hopeful day on expectations of a advance to R290.

Resilient Dow recovers from trade data blow

Wall Street

THE RESILIENCE of stock prices in the face of yesterday's news of a record US merchandise trade deficit in October provided the first real evidence of the consolidation achieved by the market since October's collapse, writes Janet Bush in New York.

The Dow Jones Industrial Average plunged by more than 50 points immediately after release of the trade figures, which showed a deficit of \$17.63bn compared with September's \$14.08bn shortfall. By 2pm, the Dow Jones had recouped the earlier fall and stood 0.99 points higher at 1.903.52

Equity traders hailed this recovery as a triumphant sign that Wall Street has now regained its confidence. The sharp fall at the opening was plainly regarded as a good buy-ing opportunity, although volume was not particularly high. By midsession, just over 100m

shares had changed hands. No such sense of optimism was evident in the foreign exchange and bond markets. US Treasury bonds took some time to react to the trade figures but, once they did, bond prices fell quite sharply. By mid-session, the Treasury's 8.875 per cent 30-year issue had shed more than 1½ points to yield 9.36 per cent, its highest yield since October 21 when the long bond closed at when the long bond closed at 9.43 per cent. The Fed Funds 9.43 per cent. The Fed Funds BHP, a subsidiary of Broken Hill group Hemio gold mine. rate stood at a high of 61% per cent at midsession, compared increase it stake above the 50.5 dian imperial steady at C\$20.

THE OVERNIGHT rebound in

New York stocks encouraged buying in Tokyo yesterday, lift-ing the Nikkei stock average above 23,000 for the first time in

10 sessions, writes Shigeo Nishi-waki of Jiji Press.

The market indicator posted an advance of 395.14 to 23,280.84 on volume of 625.07m shares, up from Wednesday's 501.69m.

Gains led declines by 682 to 224,

with 126 issues unchanged. Several positive factors

emerged to brighten the market: prices on Wall Street had risen

sharply for a third consecutive session and Japan's trade figures

for November showed a steep

increase in imports, easing con-cern about the US trade deficit

Rising expectations of an increase in Japanese business

earnings also lent support to a

However, many institutional investors remained reluctant to

launch into active buying, limit-ing the inflow of funds into the

market. Other investors attempted to reap immediate

profits and steels and metals industries were the focus of attention due to rising demand

In medium-capital steels, Yodo-gawa Steel Works was actively

raded and climbed Y190 to Y1,220, Nippon Yakin advanced Y35 to Y735, Nippon Metal Indus-try registered a daily maximum increase of Y100 to Y644, while

Nisshin Steel added Y17 to Y632.

Large-capital steels also rose. Nippon Steel added Y6 to Y425

and Ishikawajima-Harima Heavy Industries put on Y5 to Y635. Kawasaki Steel, which was

Nomura Securities, was the most active issue with 54.23m shares traded and ended up Y3 at Y360.

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of stocks per grouping

Australia (89). Austria (16)... Belgium (48)... Canada (127)...

Ireland (14)
Lialy (94)
Japan (457)
Malaysia (36)
Mexico (14)
Netherland (37)
New Zealand (20)
Norway (24)
Singapore (27)
South Africa (61)
South Africa

North America (709) ... Europe Ex. UK (615) ... Pacific Ex. Japan (218)

World Ex. US (1824) World Ex. UK (2074)

World Ex. So. Af. (2345) World Ex. Japan (1949)

The World Index (2406).

Base values: Dec 31, 1986 = 100

Spain (43). Sweden (34

Among high-tech stocks, Hita-

and car

the construction

industries for the products.

broad range of shares.

less likely the US will move to support the dollar as a sop to international cooperation.

However, concern about the inflationary implications of an even weaker dollar should mean the US Pederal Reserve must, if anything, edge policy tighter rather than looser.

Some equity traders seemed unperturbed by yesterday's trade flower Mr Larry Wachtel of Pression, Exxon had fallen \$% to \$38%, Atlantic Richfield slipped \$% to \$68% and Amoco edged \$% lower to \$65%.

Among blue chips, which have figured heavily in the market's recovery this week, IBM fell \$1% to \$112% by midseasion and Proctor and Gamble was down

unperturbed by yesterday's trade figures. Mr Larry Wachtel of Pru-dential Bache commented: "We have done our work on the downside in this market. If the Dow is going to react to every piece of bad news which comes out, we would be down to zero

pretty quickly."
Export-oriented companies, who would stand to gain even more of a competitive advantage from a further fall in the dollar, showed some strength yesterday. Silve to \$39% and Merck was up \$50 at \$161%.

However, General Electric shed \$% to \$43% and Eastman Kodak was off \$% at \$47%. Hamilton Oil jumped \$4% to \$2% to \$253 after falls on Wednesday following Lac Miner-als' application to the Supreme \$21 after the company said it had approved an agreement with BHP, a subsidiary of Broken unit

ASIA

Nikkei solidly higher

NOT A single share changed

hands in a cautious Wednes-day session on the Shanghai

Stock Exchange, according to the World Economic Her-

ald of Shanghai. Moderate

buying interest was reportedly met with absolute

The Shanghai exchange.

opened 15 months ago, is one of six securities mar-

kets set up in China since August last year. Shanghai

investors can trade in

shares of eight compani

official restrictions

though the newspaper said

lack of the appropriate mentality was inhibiting

chi climbed Y10 to Y1,210, NEC added Y30 to Y1,970 and Toyota Motor rose Y40 to Y1,870, while

Juji Photo Film finished Y70

Non-life insurances were

traded actively for the first time in many sessions as investment trusts went on a bargain-hunt. Yasuda Fire and Marine Insur-

ance climbed Y58 to Y1,040, Tokio Marine and Fire Insurance

gained Y70 to Y1,990 and Taisho Marine and Fire Insurance was

Bond prices eased due to

uncertainty about the future direction of interest rates. The yield on the 5.0 per cent Govern-

ment bond due in December 1997, which had fallen to 4.685

per cent on Wednesday night, began at 4.695 per cent and rose

Prices continued to post size-able gains on the Osaka Securi-ties Exchange, with the OSE stock average jumping 232.32 to 23,532.98 on transactions of

112.85m shares, down 18.75m. Tsudakoma rose Y130 to reach

a high of Y1,380 and Toyo Lino-

leum gained the maximum allowable increase of Y110 to Y1,090. Osaka Soda, however,

FT – ACTUARIES WORLD INDICES Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Carrency Index

97.94 70.08 63.79 76.63 85.94 70.09 117.00 93.13 284.32 78.31 64.10 86.17 78.94 91.95 100.37 83.18 65.01 98.96 97.15

82.00 114.47

97.34 71.38 81.32 101.51 100.21

100.08 91.39

Gross Div. Yield

4.65 2.65 3.00 3.01 3.78 2.40 5.25 2.72 0.587 1.06 5.73 3.15 3.05 4.11 2.55 4.37 4.37

Dollar Index

91.06 90.83 95.36 1105.38 1105.38 179.43 73.09 76.43 139.60 94.37 116.83 91.04 94.26 116.19 94.26 76.41 118.96

95.74 135.35 119.53 95.99 81.32 83.94 119.21 109.15 109.84 95.84

refusal to sell.

higher at Y3.970

Y50 higher at Y1,070.

to 4.795 per cent.

lost Y50 to Y1,450.

Day's Change %

+25 +04 +1.4 +0.9 +0.9 +0.1 +0.8 +0.1 +0.1 +2.5 +2.4 +2.4 +3.7 +1.7 +1.4 -0.8

+0.9 +1.1 +1.8

+0.9 +0.2 +0.4 +1.7 +0.6 +1.8 +0.4

92.54 65.18 60.14 80.34 63.09 114.99 79.57 94.85 75.38 63.49 113.39 96.93 63.39 97.91

79.42 111.57 98.73 80.29 67.30 70.28 98.48 90.55

US Dolkar Index

93.34 91.22 96.44 105.81 112.52 79.24 76.77 97.68 76.70 139.80 96.74 115.32 91.65 77.38 98.74 84.20 137.75 117.87 93.53 77.07 120.31 197.15

96.56 135.65 120.04 97.61 81.82 85.44 119.74 110.09

110.81 97.18

110,98

with yesterday's average of 6.69 per cent.

The fear in the bond market must now be that the dollar will continue to fall. The Administration has appeared to be following a policy of benign neglect towards the currency, partly as a bargaining counter to force US trading partners to stimulate their economies. Yesterday's trade figures can only make it less likely the US will move to support the dollar as a sop to international cooperation.

per cent limit agreed last month. The oil sector was relatively weak, partly depressed by uncertainty about whether the Organisation of Petroleum Exporting Countries can reach a new pricing and production agreement. Reports from the meeting in Vienna suggest that only Iran is benchmark and that the other 12 Opec nations may exclude Iran in the first partly depressed by uncertainty about whether the Organisation of Petroleum Exporting of Vienter and production agreement. Reports from the meeting in Vienna suggest that only Iran is benchmark and that the other 12 Opec nations may exclude Iran and sign a consensus agreement. At mid-session, Exxon had

Canada

AFTER EASING immediately in the wake of the US trade results, Toronto stocks shadowed Wall Street's rally to make broad

International Corona eased C\$2½ to C\$53 after falls on

Hong Kong

Kong Land added 45 cents to HK\$6.90, Hong Kong Bank rose 10 cents to HK\$6.65 and Jardine

Singapore

Blue chips were the strongest sector. DBS and Fraser and

Neave rose 35 cents each to \$\$8.30 and \$\$6.95. OCBC added

Australia

DRIFTING lower after a good

opening, shares finished mixed in thin trading after local selling

extinguished early demand from

eching 1,248.6 early in the ses-

Elders closed 10 cents down at A\$3.02 and BHP was 10 cents

TUESDAY DECEMBER 8 1987

Sterling Index

75.15 74.96 78.70 96.97 96.55 60.32 63.08 115.21 77.88 96.14 77.86 96.10 96.05 98.20

79.01 111.70 98.65 79.21 67.11 69.28 98.38 90.08 90.65 79.09

Local Currency index

86.61 78.68 82.43 99.89 96.46 70.43 85.61 70.21 117.10 90.37 87.8.00 62.91 84.64 98.14 64.61 98.14 98.34 98.34

81.56 114.48 101.34 95.73 71.14 80.20 101.33 99.51 99.38 90.25

as investors. The All Ordinaries index closed 2.0 lower at 1,235.9 after

20 cents to \$\$6.40.

HK\$9.00.

said Mr Aletti. **Bullish expectations push**

> the thin turnover, down to about a fifth of levels at the height of the boom in spring last year. Selling swelled volumes during the two weeks after 19 October

Kong but trading remained thin.
The Hang Seng index rose
42.69 to 2,027.67, helped by
sharp gains in blue chips and

properties. Banks and trading firm. Last month the funds companies posted modest gains achieved an unsought record, with net redemptions while utilities slipped. with net redemptions reaching an all-time high of L2,022bn (\$165m). New subscriptions during November were L689bn, less

than a third of the monthly average during the first half of the year. At L2,711bn, gross redemptions in November were nearly three times the average between January and June.
The mutual funds' weight is a

SCATTERED and selective bargain-hunting lifted share matter of considerable concern They are a large force in a small prices in Singapore for the third consecutive session after gains on Wall Street further boosted their lack of liquidity represents a serious danger. Until now the funds have held up well. However, a further big flow of redemptions is a big threat to The Straits Times industrial index rose 17.7 to 746.07 in moderate trade. Light profit-taking was evident towards the close.

> hanging the market, said an analyst. "Will savers stick with mutual funds if equities fall further?" he asked rhetorically. Furthermore, an already bleak situation is darkened by the problem of Italy's public sector deficit. Real interest rates are extremely high and the treasury is unable to reduce them. Who

He expects demand for Italian mulate interest.

Nor are foreigners likely to provide a stimulus. Most positions have been liquidated. For eign investors have enough prob

DOLLAR INDEX

1987 Low

85.36 85.53 94.63 98.18 768.91 73.92 93.50 72.04 100.00 93.72 87.70 95.51 100.00 100.00 87.55 99.72

92.25 100.00 100.00 91.68 78.89 82.92 100.00

100.00

96.23 97.32 97.69 98.70 101.43 95.49 96.49 96.95 97.69 102.50 97.99 94.16 95.38 96.16 94.17 104.02

95.40 96.88 96.29 103.79 96.17 96.01 96.46 99.92 99.39 100.58

1987 High

180.81 102.87 134.89 141.78 124.83 121.82 104.93 158.62 110.23 160.28 193.64 422.59 131.41 138.69 188.09 168.81 138.69 168.81 136.64 13

130.02 158.77 143.65 137.55 111.97 164.03 143.38

139.82 139.47 134.22

650

sole trend **brokers**

Lane in Milan

October's crash served only to exacerbate the uncertainty which dominated the Milan notched a C\$% rise to C\$21% in golds, Placer Dome rose C\$% to C\$21%. In went will rase quickless this sentiment will rase quickless.

hopes are dashed in the next,"

said Mr Aletti.

The see-sawing index underscores the difficulty of identifying any real trend in the equity market. The first seven days of November trading saw a fall, with the MIB index dropping from 743 to 661. Although there was a recovery to 739 during the next 13 days, the index then started slipping again on 30 November and yesterday closed unchanged on the prevous session at 698.

Analysts point with concern to the thin turnover, down to about

EXPECTATIONS of favourable
US trade data and a surge in
Tokyo lifted share prices in Hong
Kong but trading remained thin.
The Hang Seng index rose
42.69 to 2,027.67, helped by

bleak figures for November con-

equities next year to be low. No new factors are likely to arise to

lower at A\$6.10, after opening at a day's high of A\$6.36.

Brambles lost 10 cents to A\$7.16, News Corp shed 10 cents lems in their own remarked the analyst.

Gloom the for Milan's

"THE MARKET is just waiting for the future to evolve," remarked Milan broker Mr Urbano Aletti, reflecting the uncertainty and worried sense of resignation permeating Milanese financial circles, writes David Lane in Milan.

year. Nooody beneves this semi-ment will pass quickly.

Disoriented operators are hav-ing difficulty in understanding what is happening at the moment and are generally at a loss to make forecasts. One week things are better but then

will buy equities when they can obtain high real returns on zerorisk investment in government stock? said the analyst.

Milan

London shares in Britain's leading

QUIETLY HOPEFUL that the US trade data would show a modest decline in October, many bourses in Europe posted modest advances yesterday. When the worse than expected figure was announced, most markets had already closed, but Dutch and French shares dropped as soon as the bubble of optimism was burst by the US tidings.

AMSTERDAM saw an early advance crumble in later trading as news broke of the disappointing US trade figures. THE HEAVY fall in the doliar after the disclosure of a record \$17.63bn deficit on US trade in October knocked the legs from under the London stock market yesterday, writes Terry Byland in London.

EUROPE.

A notable casualty were A notable casualty were the shares of Eurotunnel which ended their first day's trading nearly 3 per cent below the issue price. Japanese and French investment institutions were heavy sellers of the newly-issued Eurotunnel above but one leave 108 as news broke of the disappointing US trade figures.

The attendant collapse in the dollar hit internationally-traded issues leading the CBS tendency index 3 per cent lower overall to 61.1, a fall of 1.2. The weighted ANP-CBS index rose 5 to 207.6, but is calculated at midsession and missed the late selling.

Among the internationals, Akzo shed F1 2.60 to F1 84.20 after climbing to F1 88.50 early shares, but one large US buyer showed his hand in the London market.

The surge in the pound on the back of a weak dollardealt a heavy blow to

after climbing to FI 88.50 early in the session. Akao has been especially hurt by the weak dollar in tough export markets this modest reduction in the US trade deficit. The early steadiness of rose modestly in technical trading the dollar encouraged the bubble of cautious optimism and light Unilever, the Anglo/Dutch foods and houshold products group finished FI 240 lower at FI 96.80, down sharply from the day's high of FI 101.20 and atrline KLM drifted FI 1.1 lower to FI 24.20.

Philips also eased, by 40 cents to Fi 28, though it was trading ex dividend. Royal Dutch gave up Fi 250 to Fi 192.30.

The Netherlands' largest insurer, Nationale-Nederlanden

Commerzbank added DM6 to

insurer, Nationale-Nederlanden said it broke off discussions with Irish Life Assurance over the possible sale of Nationale's United Life Insurance Company. The company said the talks did not result in a mutually acceptable agreement. Its share price slipped 40 cents to FI 43.90.

PARIS was caught off guard by the worse than expected US trade figures. As soon as the data was released, the early 3 per cent advance skidded into a broad retreat before a tenetative rally DM226.

Chemicals saw smaller gains.
BASF rose DM2.90 to DM252.20,
Bayer climbed DM4.70 to
DM260.50 and Hoechst edged
DM2.10 higher to DM256.

Helped by early firmness in
the dollar, Daimler climbed
DM12 to DM617.50, VW added
DM4.80 to DM227 and BMW rose
DM11 to DM442.

Stemens firmed DM4.70 to

Siemens firmed DM4.70 to DM379.80 and AEG rose DM4.50

Engineering Man climbed DM7.90 to DM128.40, boosted by news that it had won a DM850m order from News Corp. Other machinery issues were pulled up by Man's advance.

THE SHARP rise in the bullion

price following news of the

record US trade deficit in November came too late to have

dull and trendless session.

Among the heavyweight golds.

Vaal Resis erased Wednesday's gain with a R7 tumble to R347, but Randfontein managed a R5

more than limited impace on changed gold share prices in Johannes burg, which closed mixed after a R29.50.

shares in Britain's leading exporters, while Government bonds, which traditionally benefit from firmness in sterling, were alarmed by the renewed slide in the dollar.

The FT-SE 100 Index closed 19.7 down at 1,619.6, having rallied at the end of the day when Wall Street was also above its lows.

The US trade deficit was "very nasty" news for London, commented John Goldschmidt of Chase Manhattan's UK office.

The record deficit implies the threat of a tighter credit policy in the US, which would hurt Britain's export shares, as well as its hopes for lower interest rates.

deadline.

BRUSSELS climbed but trad-ing was very thin with many operators sidelined before Sun-day's general election.

The Brussels stock index rose 57.12 to 3,649.49, lifted by sharp

Holdings and insurers also saw

buying.
The mid-session Commerzbank rose 6.1 to 1,317.1 and the Boersen-Zeitung index ended 4.85 higher at 277.56.
In banks, Deutsche rose DM4.50 to DM405, Dresdner gained DM6.50 to DM237.50 and Commerzbank added DM6 to DM1.64.

Chemicals posted the way higher. Solvay jumped BFr190 to BFr10,000 on foreign buying and UCB surged BFr220 to BFr7,120. UCB surged BFr220 to BFr7,120. UCB surged BFr220 to BFr7,120. UCB surged BFr220 to BFr8,240. HELSINKI slipped lower in recent weeks, added BFr50 to BFr8,540. HELSINKI slipped lower in minimal turnover continuing

some strong advances. In holdings, Almanij gained BFr180 to Unitas all BFr3,600 and Sofina added to 566.8.

BFr280 to BFr8,780, while Reserve firmed a more modest broad from the trend to the trend to

Other minings were little changed, with Rustenburg Platinum edging 10 cents lower to

eries adding 25 cents to R16.25.

cents to R28:50.

SOUTHAFRICA

Engineerings and construc-tions built on Wednesday's gains

minimal turnover, continuing the trend of recent sessions. The Unitas all-share index dipped 3.1

the US trade figures, released after the bourse had closed, tem-Diamond issue and market beliwether De Beers also fell 75

SFr350 to SFr11,800.

Food group Nestle put on SFr200 to SFr8,000.

WANT TO BUY

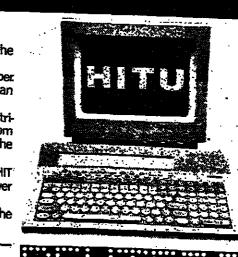
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► U.S. EQUITIES ►

HITU is the first in a series of HIT pages which will be expanded to cover other market sectors. To find out more, simply watch the عدد استرافعل

US tidings hit Paris, Amsterdam

BFr20 to BFr2,270 and Cobepa shed BFr55 to BFr3,965. Insurer: AG put on BFr240 to BFr5,150 and Royale Belge climbed BFr100 to BFr4,200. Utilities were firmer and banks

stockholm closed slightly higher before news was released of poor US trade figures. Investors had been cheered by overnight strength both of the dollar and Wall Street equities. The Affaresvaerlden general index rose 1 per cent to 661.7.

Quality engineers and forestry issues fared best, with Volvo SKr5 higher at SKr288, and Stora SKR9 beter at SKr271 and Modo SKr15 firmer at SKr271 and Modo SKr15 firmer at SKr275.

OSLO firmed with bargainhunters continuing to pick up issues in all sectors. The all-share index gained 1.91 to 248.25 in

moderate trade.
Leading gains included Saga
Petroleum's NKr4 rise to
NKr79.5 and Orkia Borregaard's
NKr7.5 advance to NKr340. MILAN turned mixed with a

firm opening petering out as traders settled their monthly options contracts before today

Insurers were broadly higher with Generali up L250 at L88,720 and Ras L410 higher at L41,010.

Banks, retailers and blue chips were narrowly mixed. MADRID rallied as institu-

mapkin rained as institu-tional investors joined a bar-gain-hunt started by individuals the previous day.

The general index rose 5.27 to 210.79 as most sectors closed broadly higher.

Engineerings, and constitute

ZURICH advanced across a broad front, largely because of good overnight gains on Wall Street. However, wariness over

pered buying enthusiasm and kept volume low.

The Credit Suisse index rose
4.4 to 412.5, lifted by gains in
industrials, foods and chemicals.
Ciba-Geigy rose SFr90 to
SFr2,750 and Sandoz gained

Industrial issues followed no clear trend, with sector leader Barlow Rand up 15 cents at R20.25 and South African Brew-Banks fluctuated narrowly with a firmer base and insurers were broadly higher.

建筑 动